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City and County of San Francisco
Meeting Minutes
Finance and Audits Committee

[All Committees]
Government Document Section
Main Library

Members: Aaron Peskin, Gerardo Sandoval and Jake McGoldrick

Clerk: Linda Laws

Wednesday, September 17, 2003

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Gerardo Sandoval, Jake McGoldrick, Matt Gonzalez.

DOCUMENTS DEPT.

SEP 22 2003

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MEETING CONVENED

The meeting convened at 12:38 p.m. Board President Gonzalez served on the Finance and Audits Committee for today's meeting only.

CONSENT AGENDA

All matters listed hereunder constitute a Consent Agenda, are considered to be routine and will be acted upon by a single roll call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or the public so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

031390 [Lease of Real Property]

Resolution authorizing renewal of a lease of real property at 1372 Mission Street, for continued use by the Department of Public Health's Saint James Infirmary and STD Program Research Offices (Real Estate Department)

(Public Benefit Recipient.)

8/15/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

RECOMMENDED..

031394 [Lease of Real Property]

Supervisor Maxwell

Resolution authorizing renewal of a lease of real property at 1360 Mission Street, Suite 400, for continued use by the Department of Public Health, Employee Assistance Program. (Real Estate Department)

(Public Benefit Recipient.)

8/15/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

RECOMMENDED..

031403 [Lease of Real Property]**Supervisors Ammiano, Dufty**

Resolution authorizing renewal of a lease of real property at 1360 Mission Street, Suite 401, for continued use by the Department of Public Health, STD Program Administrative Headquarters. (Real Estate Department)

(Public Benefit Recipient.)

8/15/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

RECOMMENDED..

031435 [Contracting Out City Services]

Resolution retroactively concurring with the Controller's certification that assistance to certain victims of crime and education in community anti-street violence can be practically performed for the District Attorney's Victim Witness Assistance Program by a private contract at a lower cost than similar work services performed by City and County employees. (District Attorney)

(Public Benefit Recipient.)

8/15/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

RECOMMENDED..

The foregoing items were acted upon by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 2 - Sandoval, Gonzalez

REGULAR AGENDA

031396 [Appropriate funding to offset the loss of parking revenue for not charging parking in Golden Gate Park]**Supervisors Daly, Sandoval**

Ordinance appropriating \$500,000 from the General Fund Reserve and rescinding \$700,000 in parking revenues and \$200,000 of professional services to offset the loss of parking revenue for not charging for parking in Golden Gate Park for Recreation and Parks Department for fiscal year 2003-2004.

8/12/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: Elizabeth Goldstein, Recreation and Park Department; Bill Barnes, Aide to Supervisor Daly; Monique Zmuda, Controller's Office; Ben Rosenfield, Mayor's Office.

Supervisor Sandoval requested to added as a co-sponsor.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

**031468 [Lease of Real Property]
Supervisors Hall, Sandoval**

Resolution approving and authorizing a new lease between the City and County of San Francisco, as tenant, and the Regents of the University of California, a California corporation, as landlord, of warehouse space at 626 Forbes Boulevard, South San Francisco.

(Fiscal impact; Public Benefit Recipient.)

8/19/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speaker: Steve Legnitto, Real Estate Division.

Supervisor Sandoval requested to be added as a co-sponsor.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 2 - Sandoval, Gonzalez

031333 [Making Environmental Findings and Increasing Street Artist Certificate Fee]

Ordinance making required environmental findings and amending Article 24 of the San Francisco Police Code by amending Section 2404.1 to increase the fee for a Street Artist Certificate and amending Section 2404.2 to clarify the fee setting procedure. (Arts Commission)

7/30/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

8/6/03, RESPONSE RECEIVED. Statutorily exempt from CEQA pursuant to CEQA Guidelines Section 15273(a), Rates, Tolls, Fares and Charges.

8/22/03, REFERRED TO DEPARTMENT. Referred to Small Business Commission for comment and recommendation.

9/6/03, 9/13/03 Fee ad publication dates.

Heard in Committee. Speakers: Howard Lazar, Arts Commission; Harvey Rose, Budget Analyst; Juanita Habay, Street Artist; William J. Clark, Street Artist; Female Speaker, Street Artist; Robert Clark, Street Artist; Linda Hagan, Street Artist; Male Speaker, Street Artist; Ted Lakey, Deputy City Attorney; Monique Zmuda, Controller's Office.

9/17/03 Amended at page 1 line 22 after "period" delete "from July 1, 2003 " and add "beginning 30 days after enactment of this ordinance". At page 2 line 15 after "year" delete "The" and add "and the"; at line 16 after "shall" delete "periodically" and add "by ordinance," at line 17 after "Certificate" delete "by ordinance".

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 2 - Sandoval, Gonzalez

031428 [Federal Grant Amendments for Airport Improvement Program]

Resolution authorizing the Airport Commission to accept amendment to grant agreements offered by the Federal Aviation Administration ("FAA") for AIP 16, AIP 17, and AIP 19; and to release grant fund from reserve, in the amount of \$1,199,790 under AIP 17. (Airport Commission)

(Public Benefit Recipient.)

8/18/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

Heard in Committee. Speakers: Josphine Bower, Airport Commission; Harvey Rose, Budget Analyst.

9/17/03 Amend the title at page 1 line 4 replace "\$1,199,790" with "\$1,202,977"; at line 8 after "of" replace "\$1,199,790" with "\$1,202,977"; at line 17 after "of" replace "\$1,199,790" with "\$1,202,977". At page 2 line 1 after "19" delete ", and any subsequent amendments approved by the FAA for AIP grant agreements 16, 17, and 19, except project amendments for which the Board has previously restricted funding"; at line 5 after "of" replace "\$1,199,790" with "\$1,202,977".

AMENDED.

Resolution authorizing the Airport Commission to accept amendment to grant agreements offered by the Federal Aviation Administration ("FAA") for AIP 16, AIP 17, and AIP 19; and to release grant fund from reserve, in the amount of \$1,202,977 under AIP 17. (Airport Commission)

(Public Benefit Recipient.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 2 - Sandoval, Gonzalez

031253 [Contracting out Convention Facilities management, operation and maintenance services]

Resolution concurring with the Controller's certification that Convention Facilities management, operation and maintenance services can be practically performed at Bill Graham Civic Auditorium and the Moscone Center by private contractor for a lower cost than similar work services performed by City and County employees.

(Administrative Services Department)

7/23/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

8/20/03, CONTINUED. Heard in Committee. Speakers: Todd Rydstrom, Controller's Office; John Noguchi, Department of Administrative Services; Ted Lakey, Deputy City Attorney.

Continued to 9/17/03.

8/22/03, REFERRED TO DEPARTMENT. Referred to Small Business Commission for comment and recommendation.

Speakers: None.

Continued to 9/24/03.

CONTINUED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 2 - Sandoval, Gonzalez

031270 [Contracting out Paratransit Services]

Resolution concurring with the Controller's determination that paratransit services for the Municipal Transportation Agency can be practically performed by a private contractor at a lower cost than by City and County employees. (Public Transportation Commission)

(Public Benefit Recipient.)

7/25/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

8/20/03, CONTINUED. Heard in Committee. Speakers: Todd Rydstrom, Controller's Office; Joe Speaks, Municipal Transportation Authority; Ted Lakey, Deputy City Attorney.

Continued to 9/17/03

Heard in Committee. Speaker: Annette Williams, Municipal Transportation Agency.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031317 [MOU - Police Officers' Association (SFPOA)]**Mayor, Supervisor Dufty**

Ordinance adopting and implementing the Memorandum of Understanding between the City and County of San Francisco and the San Francisco Police Officers' Association (SFPOA), to be effective July 30, 2003 through June 30, 2007.

(Fiscal impact.)

7/29/03, RECEIVED AND ASSIGNED to Budget Committee.

8/26/03, TRANSFERRED to Finance and Audits Committee.

Heard in Committee. Speakers: Geoffrey Rothman, Department of Human Resources; Phil Gingsburg, Deputy City Attorney; Harvey Rose, Budget Analyst; Chris Cunnie, SFPOA; John LaHane; Male Speaker; Ted Lakey, Deputy City Attorney.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031400 [MOU Amendment No 1 - International Brotherhood of Electrical Workers, Local 6]**Mayor**

Ordinance adopting and implementing Amendment No. 1 to the Memorandum of Understanding between the City and County of San Francisco and the International Brotherhood of Electrical Workers, Local 6, by adding paragraph 149a, which provides for a premium to certain classes providing signal operations at the Department of Parking and Traffic, which was inadvertently omitted from the MOU, to be effective July 1, 2003 through June 30, 2005.

8/12/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: Alice Villagomez, Department of Human Resources; Kevin Hughes.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031348 [Reserved Funds, Department of Children, Youth and Their Families]

Hearing to consider release of reserved funds, Department of Children, Youth and Their Families (Fiscal Year 2003-04 Annual Appropriation Ordinance), in the amount \$37,500 to operate the department's information and referral services for fiscal year 2003-04.

7/29/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Speakers: None.

Continued to 10/1/03.

CONTINUED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 2 - Sandoval, Gonzalez

031307 [Extending provisional appointments]

Resolution approving extension to June 30, 2004 of provisional appointments of employees in classifications 1270 Departmental Personnel Officer, 1272 Senior Departmental Personnel Officer, 1458 Legal Secretary I, 1460 Legal Secretary II, 1820 Junior Administrative Analyst, and 1932 Assistant Storekeeper. (Human Resources Department)

(No Public Benefit Recipient.)

7/24/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Speakers: None.

Continued to 9/24/03.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031395 [Funding from the General Reserve and re-appropriate salaries to fund the October 2003 Recall Election]

Mayor

Ordinance appropriating \$3,520,300 from the General Fund Reserve and re-appropriating \$150,000 of permanent salaries for a total of \$3,670,300 for temporary salaries, overtime, fringe benefits, non personal services, materials and supplies, and services of other departments associated with the October 2003 recall election for Elections Department for fiscal year 2003-2004.

8/12/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: John Artz, Department of Elections; Monique Zmuda, Controller's Office; Harvey Rose, Budget Analyst.

9/17/03 Amendment of the Whole prepared in Committee.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance appropriating \$3,232,983 from the General Fund Reserve and re-appropriating \$150,000 of permanent salaries for a total of \$3,382,983 for temporary salaries, overtime, fringe benefits, non personal services, materials and supplies, and services of other departments associated with the October 2003 recall election for Elections Department for fiscal year 2003-2004.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031383 [Setting San Francisco's fiscal year 2003-2004 property tax rate and establishing pass-through rate for residential tenants]

Ordinance providing revenue and levying property taxes for City and County purposes and establishing pass-through rate for residential tenants pursuant to Chapter 37 of the Administrative Code for the fiscal year ending June 30, 2004. (Controller)

8/14/03, RECEIVED AND ASSIGNED to Finance and Audits Committee Sponsor requests this item be scheduled for consideration at the September 17, 2003 meeting.

Heard in Committee. Speakers: Monique Zmuda, Controller's Office; Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031388 [Setting San Francisco's Unified School District's FY 2003-2004 property tax rate to be included in the City's overall property tax rate]

Ordinance providing revenue and levying property taxes for San Francisco Unified School District's purposes for the fiscal year ending June 30, 2004. (Controller)

8/14/03, RECEIVED AND ASSIGNED to Finance and Audits Committee. Sponsor requests this item be scheduled for consideration at the September 17, 2003 meeting.

Heard in Committee. Speakers: Monique Zmuda, Controller's Office; Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031393 [Setting S.F. Community College District's fiscal year 2003-2004 property tax rate to be included in the City's overall property tax rate]

Ordinance providing revenue and levying property taxes for San Francisco Community College District purposes for the fiscal year ending June 30, 2004. (Controller)

8/14/03, RECEIVED AND ASSIGNED to Finance and Audits Committee. Sponsor requests this item be scheduled for consideration at the September 17, 2003 meeting.

Heard in Committee. Speakers: Monique Zmuda, Controller's Office; Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031425 [Appropriate funding for the Art Commission for municipal symphony concerts using property tax revenue]

Ordinance appropriating \$23,273 for the municipal symphony concerts using property tax revenue, pursuant to Charter Section 16.106(1) for the Art Commission for fiscal year 2003-04. (Controller)

8/14/03, RECEIVED AND ASSIGNED to Finance and Audits Committee. Sponsor requests this item be scheduled for consideration at the September 17, 2003 meeting.

Heard in Committee. Speakers: Monique Zmuda, Controller's Office; Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031389 [Amending the Redevelopment Agency Budget for Tax Increments in Mission Bay North and South]

Resolution amending the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 2003-2004 to allow the Controller to increase the tax increments distributed to the Redevelopment Agency in accordance with the Tax Increment Allocation Pledge Agreements for Mission Bay North and Mission Bay South. (Controller)

(Fiscal impact.)

8/14/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

Heard in Committee. Speakers: Todd Rydstrom, Controller's Office; Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

**031404 [Development of Property Located at Broadway and Battery Streets For Affordable Housing]
Mayor, Supervisors Peskin, Dufty**

Resolution authorizing the Mayor's Office of Housing to enter into a lease disposition and development agreement and below market long-term ground lease with Chinatown Community Development Center, a nonprofit public benefit corporation, for the development of affordable housing, together with a child care center, neighborhood-serving commercial space, and associated parking on real property located on the south side of Broadway between Battery and Front streets; affirming the Planning Commission's adoption of the mitigated negative declaration for the project; adopting environmental findings under the California Environmental Quality Act; and adopting findings that the project is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

(Fiscal impact; Public Benefit Recipient.)

8/12/03, RECEIVED AND ASSIGNED to Land Use Committee. The Mayor submitted a substitute resolution bearing same title.

8/19/03, SUBSTITUTED.

8/19/03, ASSIGNED to Land Use Committee.

8/25/03, TRANSFERRED to Finance and Audits Committee.

Heard in Committee. Speakers: Daryl Higashi, Mayor's Office of Housing; Gordon Chin, Chinatown Community Development; Rose Pak, Chinese Chamber of Commerce; Mark Bruno, St. Vincent de Paul; Kate White, Housing Action Coalition; Reverend Fong.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, McGoldrick, Gonzalez

Absent: 1 - Sandoval

031464 [Jurisdictional Transfer]

Mayor, Supervisors Peskin, Dufty

Resolution transferring jurisdiction from the Department of Public Works to the Mayor's Office of Housing Real Property Identified as Assessor's Block 141, Lot 11 for the development of affordable housing; and adopting findings pursuant to City Planning Code Section 101.1.

(Companion measure to File 031404.)

8/18/03, RECEIVED AND ASSIGNED to Land Use Committee.

8/25/03, TRANSFERRED to Finance and Audits Committee.

Heard in Committee. Speakers: Daryl Higashi, Mayor's Office of Housing; Gordon Chin, Chinatown Community Development; Rose Pak, Chinese Chamber of Commerce; Mark Bruno, St. Vincent de Paul; Kate White, Housing Action Coalition; Reverend Fong.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, McGoldrick, Gonzalez

Absent: 1 - Sandoval

031426 [FY 2003-04 California Constitution Appropriations Limit]

Resolution establishing the appropriations limit for Fiscal Year 2003-04 pursuant to California Constitution Article XIII B. (Controller)

(Fiscal impact; No Public Benefit Recipient.)

8/18/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

Heard in Committee. Speakers: Monique Znuda, Controller's Office; Harvey Rose, Budget Analyst.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Absent: 1 - Gonzalez

031499 [Municipal Transportation Agency Leverage Lease Financing]**Mayor**

Resolution authorizing one or more lease-to-service contract transactions with respect to up to 21 Breda light rail cars; approving the form of and authorizing the execution and delivery of a Participation Agreement setting forth the terms and conditions of the lease-to-service contract transaction relating to the rail cars; approving the form of and authorizing the execution and delivery of a Head Lease Agreement providing the terms and conditions pursuant to which the rail cars will be leased to a trust; approving the form of and authorizing the execution and delivery of a Head Lease Supplement supplementing the terms and conditions pursuant to which specific rail cars will be leased to the trust; approving the form of and authorizing the execution and delivery of a Sublease Agreement providing the terms and conditions pursuant to which the trust will lease the rail cars back to the City to be operated and maintained by the City; approving the form of and authorizing the execution and delivery of a Sublease Supplement supplementing the terms and conditions pursuant to which the City will lease back the rail cars from the trust; approving the form of and authorizing the execution and delivery of a Payment Agreement providing the terms and conditions pursuant to which the City will provide for the payment of a portion of the sublease rent; approving the form of and authorizing the execution and delivery of an Equity Collateral Security Agreement and a Custody Agreement providing the terms and conditions pursuant to which the City will provide for a custody account to hold, and a security interest in, certain securities for the payment of a portion of the sublease rent and the purchase option purchase price if the purchase option is or is deemed exercised; approving the form of and authorizing the execution and delivery of a Support and Access Agreement providing the terms and conditions pursuant to which the City will provide the trust support and access to certain property if the City chooses not to exercise the purchase option; approving the form of and authorizing the execution and delivery of an Agreement for Assignment on Default which will provide the lender to the trust with an option to purchase, and take an assignment of the equity investor's beneficial interest in the trust estate upon the occurrence of certain events; approving the form of and authorizing the execution and delivery of a Tax Indemnification Agreement providing the terms and conditions under which the City will indemnify under certain circumstances the equity investor for income inclusions or losses of tax benefits; approving the form of and authorizing the execution and delivery of an Insurance and Indemnity Agreement providing the terms and conditions under which the City will indemnify the strip surety provider; approving indemnification of various parties; acknowledging the waiver of the City's right to jury trial under certain circumstances; acknowledging proposed waiver requests pursuant to Sections 12B.5-1(d) and 12C.5-1(d) of the San Francisco Administrative Code; finding that the lease-to-service contract transaction is designed to reduce the amount or duration of payment or similar risk to the City or enhance the relationship between risk and return with respect to investments made pursuant to or in connection with such transaction; approving and authorizing the execution and delivery of any document necessary to implement this Resolution; authorizing the execution and delivery of documents in conforming sets for the equity investor; ratifying and approving any action heretofore taken in connection with the transaction contemplated by this Resolution; and related matters.

Supervisor Sandoval dissenting.

8/26/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: Virginia Harrington, Municipal Transportation Authority; Ted Lakey, Deputy City Attorney; Mark Blake, Deputy City Attorney; Harvey Rose, Budget Analyst; Joe Speaks, Municipal Transportation Authority.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Noes: 1 - Sandoval

Absent: 1 - Gonzalez

031489 [Emergency Repairs]

Resolution authorizing the expenditure of funds for emergency repairs of the Early Intake Switchback Road at Hetch Hetchy, at an estimated cost of \$2,000,000. (Public Utilities Commission)

(No Public Benefit Recipient.)

8/29/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Speakers: None.

Continued to 9/24/03.

CONTINUED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 2 - Sandoval, Gonzalez

ADJOURNMENT

The meeting adjourned at 3:49 p.m.

CITY AND COUNTY



[Budget Analyst Report]
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SEP 15 2003

BUDGET ANALYST

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September 11, 2003

TO: Finance and Audits Committee

FROM: Budget Analyst

SUBJECT: September 17, 2003 Finance and Audits Committee Meeting

Item 5 - File 03-1396

Department: Recreation and Park (REC)

Item: Ordinance appropriating \$500,000 from the General Fund Reserve and rescinding \$700,000 in parking revenues and \$200,000 of professional services to offset a reduction in parking revenues previously proposed for the Department of Recreation and Park in the Department's Fiscal Year 2003-2004 budget.

Amount: \$500,000

Source of Funds: General Fund Reserve

Description: The Mayor's recommended FY 2003-2004 REC budget was balanced on the assumption that REC would receive new revenues in the amount of \$700,000 from charging for parking in the eastern end of Golden Gate Park. During the review of the Mayor's recommended FY 2003-2004 budget, the Board of Supervisors disapproved those additional revenues estimated at \$700,000. In order to offset the resulting budget shortfall of \$700,000 for FY 2003-2004, this proposed ordinance would:

- Appropriate \$500,000 from the General Fund Reserve to fund (a) 10.24 FTE filled Classification 3280 Assistant Recreation Director positions, of which 9.40 FTE positions are subject to layoff notices effective on October 17, 2003, and (b) 51 job training positions in the REC Workcreation Program (see Comment No. 1).
- Rescind \$200,000 previously budgeted for professional services contracts associated with implementation of the paid parking program in the eastern end of Golden Gate Park (see Comment No. 2).

Comments:

1. According to Mr. Michael Frank of REC, the proposed supplemental appropriation in the amount of \$500,000 would fund the following:

- \$400,000 for the 18 pay periods between October 17, 2003 (when the current layoff notices come into effect) and June 30, 2003. At approximately \$22,222 per pay period, this represents the salary and benefits of 10.24 FTE Classification 3280 Assistant Recreation Director positions (\$2,171 per pay period each).
- \$100,000 for 51 training positions in the REC Workcreation Program, at approximately \$1,960 per training position, between October 5, 2003 and June 30, 2004.

2. Mr. Frank advises that there would be no programmatic impacts as a result of rescinding \$200,000 from the Department's professional services budget because such funds were budgeted for expenditures associated with implementation of the paid parking program in the eastern end of Golden Gate Park, which is not being implemented.

Recommendation: Approve the proposed ordinance.

Item 6 - Files 03-1468

Departments: Real Estate Division (RED)
Department of Public Health (DPH)

Item: Resolution approving and authorizing a new lease between the City and County of San Francisco, as tenant, and the Regents of the University of California, a California corporation.

Location: 626 Forbes Boulevard, South San Francisco

Purpose of Lease: Space to set up and operate an in-house Civil Service laundry service facility for Laguna Honda Hospital.

Lessor: Regents of the University of California

Lessee: City and County of San Francisco, on behalf of the Department of Public Health, through the Real Estate Division

Term of Lease: Approximately ten years and three months, commencing in October of 2003, and terminating on December 31, 2013.

Right of Renewal: One additional ten-year option with rent adjusted to a negotiated current market rate.

Number of Square Feet: 26,061

**Monthly and Annual
Rent Payable by**

the City to Lessor: The monthly rent for the premises would be \$20,327.58, or \$0.78 per square foot per month (\$243,930.96 annually) based on 26,061 square feet. In addition, the DPH would pay \$1,050 monthly for parking to accommodate 30 vehicles. Rent would be adjusted yearly by changes in the CPI, with a maximum increase of 5 percent per year.

Source of Funds: General Fund monies appropriated by the Board of Supervisors to the DPH in the DPH annual budget.

Utilities and

Janitorial Services:

The DPH would be responsible for the cost of utilities and janitorial services on the premises. Mr. Michael Lane of the DPH reports that the estimated cost of utilities and janitorial services would be \$18,703 per month.

Description:

The proposed resolution would authorize a new lease at 626 Forbes Boulevard in the City of South San Francisco, consisting of 26,061 square feet of warehouse space for the DPH's Laguna Honda Hospital (LHH), to operate a laundry service facility on an in-house Civil Service basis. As part of the LHH replacement capital project, the LHH on-site laundry facility, which is no longer in operation, will be demolished and the new LHH facility will not include an on-site laundry facility. Instead, the subject site at 626 Forbes Boulevard in the City of South San Francisco would serve as the new permanent laundry services site for LHH. According to Mr. Lane, since September 1, 2003, laundry services for LHH have been provided by an outside contractor, Metro Park, at a cost of 27.5 cents per pound. The DPH contract with Metro Park, which began on September 1, 2003, is expected to continue for approximately 4.5 months until January 19, 2004. The DPH anticipates that on January 20, 2004, the new laundry facility in South San Francisco, to be operated by LHH employees on an in-house Civil Service basis, will begin operations. However, in

the event that the new laundry facility is not operational by that time, the DPH may retain Metro Park to continue providing laundry services on a contractual basis until February 29, 2003, since the budgeted funding of \$1,262,000 would allow the contracted laundry to continue until February 29, 2004. The total budgeted amount for the Metro Park contract is \$1,262,000, which covers a six-month contract term based on 27.5 cents per pound times 4,589,091 pounds of laundry. On an annual basis such a contract would have an estimated cost of \$2,145,000 (27.5 cents per pound times 7,800,000 pounds of laundry).

Comments:

1. The estimated annual in-house Civil Service costs to operate the laundry are \$5,600,714. The one-time cost to begin the in-house operation is \$2,194,779, including a contract with Western States Design (see Comment No. 3). As noted above, the estimated annual cost to operate the laundry on a contractual basis would be \$2,145,000.
2. Mr. Lane reports that under the terms of the proposed new lease, no rent would be charged to the City until January of 2004, or approximately three months after the beginning of the proposed lease. As noted above, the DPH anticipates that the new laundry facility to be operated by LHH

employees will begin operations on January 20, 2004.

3. According to Mr. Lane, the DPH will need to make renovations to the premises to be leased and install laundry equipment. Mr. Lane reports that the design and renovation work will be completed by Western States Design, a private firm, retained under a \$1,244,349 contract with the DPH. The total budget for the Western States Design contract, inclusive of bonding and contingency costs, is \$1,400,000. Mr. Lane further reports that the DPH issued a Request for Proposals and Western States Design was the sole bidder. Mr. Lane advises that the renovation work is anticipated to require approximately four months to complete.

4. Mr. Lane reports that once the renovation work and installation of the laundry equipment is completed, LHH staff will conduct testing to ensure that the facility to be leased in South San Francisco is properly operating. As previously noted, Mr. Lane advises that laundry services operations at the South San Francisco facility to be conducted by LHH employees on an in-house basis are estimated to begin on approximately January 20, 2004.

5. According to Mr. Lane, 42 LHH laundry service employees will be working at the proposed warehouse space.

6. Mr. Ken Chopping of the Real Estate Division (RED) reports that the monthly rent of \$20,327.58, or \$0.78 per square foot per month represents the current fair market rate.

Recommendation: Approve the proposed resolution.

Item 7 - File 03-1333

Department: Arts Commission

Item: Ordinance making required environmental findings and amending Article 24 of the San Francisco Police Code by amending Section 2404.1 to increase the Street Artist Certificate Fees and amending Section 2404.2 to clarify the fee setting procedure.

Description: The proposed ordinance would amend the Police Code to increase the Street Artist Certificate Fees charged to Street Artists. Currently, the fee payable to the Arts Commission by Street Artists operating in San Francisco is \$87.50 for a three- month Street Artist Certificate and is \$350.00 for the annual Street Artist Certificate. The proposed ordinance would increase the Street Artist Certificate Fees charged to Street Artists as follows:

Time Period	Three-Month Street Artist Certificate Fee	Increase Over Existing Fee	Annual Street Artist Certificate Fee	Increase Over Existing Fee	Percentage Increase from Existing Fees
Existing Fee	\$87.50		\$350.00		
July 1, 2003– June 30, 2004 (see Comment No. 2)	\$93.40	\$5.90	\$373.60	\$23.60	6.74 percent
July 1, 2004– June 30, 2005	\$99.10	\$11.60	\$396.40	\$46.40	13.3 percent
July 1, 2005- (see Comment No. 5)	\$104.80	\$17.30	\$419.20	\$69.20	19.8 percent

As shown in the table above, the proposed ordinance would increase Street Artist Certificate Fees charged to Street Artists by approximately 6.7 percent in FY 2003-2004, 13.3 percent in FY 2004-2005, and 19.8 percent beginning July 1, 2005. The existing Street Artist Certificate Fees of \$87.50 for three-months and \$350.00 on an annual basis were last increased on June 10, 1991 by the Board of Supervisors (Ordinance No. 216-91).

The proposed ordinance also would require the Arts Commission to annually prepare a report containing data on (a) the revenues collected from Street Artist Certificate Fees, (b) the costs of administering and enforcing the provisions of the Street Artists Program, and (c) the anticipated costs of the Program including recommended fee increases based on recovering costs for the following 12 months. The proposed ordinance states that this annual report must be submitted by the Arts Commission to the Controller by April 1st and that the Controller is to submit the Arts Commission's annual report to the Board of Supervisors by May 15th.

The proposed ordinance states that the Planning Department has determined that the proposed ordinance is in compliance with the California Environmental Quality Act.

Comments:

1. Street Artists are independent artists and craftspersons who sell their own handcrafted wares in sidewalk vending spaces located downtown and on Fisherman's Wharf, as designated by the Arts Commission. According to Mr. Howard Lazar of the Arts Commission, approximately 350 of these vending spaces are available by daily lottery held by the Arts Commission. Since 1972, Article 24 of the San Francisco Police Code requires that Street Artists be certified by the Arts Commission. As previously noted, two types of certificates are available: three-month certificates and annual certificates. Street Artists may purchase either type of certificate at any time during the year. There is also an initial one-time \$20 application fee payable to the Arts commission when the Street Artist applies for a Street Artist certificate.
2. The proposed ordinance presently states that the first of three proposed fee increases would take effect on July 1, 2003. Since that date has expired, Mr. Lazar advises that he will submit an Amendment of the Whole to the Finance and Audits Committee at its September 17, 2003 meeting to include a revised starting date.

3. According to Mr. Lazar, the existing Street Artist Certificate fees generated \$124,250 in FY 2001-2002 and \$121,450 in FY 2002-2003. Mr. Lazar estimates that the proposed Street Artist Certificate fees would generate \$6,142 of additional revenues for the remainder of FY 2003-2004 based on an effective date of October 1, 2003. Mr. Lazar states that on an annual basis, the proposed fees would generate \$129,639, \$8,189 more than the \$121,450 realized in FY 2002-2003. The Attachment to this report, provided by Mr. Lazar, contains the Street Artist Certificate fee revenue estimates with and without the proposed increases to the Street Artist Certificate Fees from FY 2003-2004 through 2006-2007 and the related estimated impact on the Street Artists Program Fund balance.

4. Mr. Lazar states that the Street Artist Certificate fee revenues are deposited in the Street Arts Program Fund and are expended by the Arts Commission solely to support the Street Artists Program, which receives no General Fund support. All revenues expended from this fund are subject to Board of Supervisors appropriation approval. Surplus fee revenues are retained in the Street Artists Program Fund. As shown in the Attachment, as of June 30, 2003, the Street Artists Program Fund had a balance of \$70,643 and is projected to have a balance of \$46,603 at the end of FY 2002-2003 if the proposed fees are approved by the Board of Supervisors.

5. The Budget Analyst notes that under the proposed ordinance, any additional increases to the Street Artist Certificate fees subsequent to July 1, 2005 would be subject to future approval by the Board of Supervisors.

6. Mr. Lazar reports that as compared to the proposed street Artist Certificate fees at \$93.40 for three-months and \$373.60 annually, effective 30 days after the enactment of the proposed ordinance, Street Artist Certificate fees would have to be increased to \$120 for three-months and \$480 annually if such fees were to fully recover the related costs of the Arts Commission's Street Artists Program.

7. The subject ordinance states that the proposed fees for FY 2003-2004 would become effective on July 1, 2003, but should state that the proposed fees for FY 2003-2004 would become effective 30 days after the enactment of the subject ordinance.

Recommendations:

1. In order to set the correct start date for when the proposed FY 2003-2004 fees would take effect, amend page 1, line 22 of the proposed ordinance from "For the period from July 1, 2003 through June 30, 2004" to "For the period beginning 30 days after enactment of this ordinance through June 30, 2004," in accordance with Comment No. 7 above.
2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.



SAN FRANCISCO ARTS COMMISSION

August 27, 2003

RICHARD NEWIRTH
DIRECTOR OF CULTURAL AFFAIRS

Mr. Harvey Rose
Budget Analyst
Budget Analyst's Office
Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

PROGRAMS

CIVIC DESIGN REVIEW
PERFORMING ARTS
PUBLIC ART
SUITE 240

COMMUNITY ARTS
& EDUCATION
CULTURAL EQUITY GRANTS
STREET ARTISTS LICENSES
SUITE 60

CIVIC ART COLLECTION
SUITE 70

ARTS COMMISSION GALLERY
401 VAN NESS AVENUE
415.354.6080

[HTTP://SFAC.SFGOV.EDU](http://sfac.sfgov.edu)

EMAIL:
ARTSCOMMISSION@SFGOV.ORG

Attention: Ms. Elaine Forbes

Via FAX: (415) 252-0461

Subject: File No.03-1333 [Increasing Street Artist Certificate Fee]

Dear Mr. Rose:

The Arts Commission is seeking to raise the street artist certificate fee for the Commission's Street Artists Program which, as you know, is entirely self-supported by its certificate fees.

In issuing licenses ("Certificates") to street artists to sell their arts and crafts on the sidewalks of San Francisco, the Street Artists Program allows artists to support themselves and their families. At the same time, the Program fulfills the mandate of the voters (Proposition "L" of 1975) by certifying that the items for sale are indeed created by the artists who sell them.

The core services of the Program, as mandated by the Street Artists Ordinance, are the application process, the examination-of-wares process conducted by a Mayor-appointed Advisory Committee of Street Artists and Craftsmen Examiners, the issuance of licenses, and the enforcement of the ordinance by the monitoring of artists' compliance at their selling locations and prosecution of violators in hearings conducted by the Arts Commission and the Board of Appeals. To provide these core services, the Street Artists Program spends 82% of its budget on salaries for two full-time employees and 7% of its budget on compensation for examination meetings conducted by the Advisory Committee.

In a previous letter to you (March 28, 2002), I detailed the Program's accumulation of a surplus fees savings reserve during the last decade due to salary and benefits savings resulting from the termination of the Program's



CITY AND COUNTY OF
SAN FRANCISCO

Mr. Harvey Rose – August 27, 2003
Page 2

Art Inspector position and a several months' vacancy of the Certification Clerk's position, as well as savings due to a vacancy of one member's position on the Advisory Committee. For the past five years, however, because its expenses have been exceeding its revenue, the Program has been offsetting its budget deficits in significant amounts from the surplus fees savings reserve. For example, at the start of FY 2001-02, the accumulated surplus fees savings with interest was \$122,645; at the end of the year, after offsetting the Program's \$27,000 deficit, the balance of the savings with interest was \$115,721; at the end of FY 2002-03, the balance is \$74,732. Unless the certificate fee is increased, the surplus reserve, given the present level of street artist revenue, is projected to be entirely absorbed by FY 2004-05. (see below).

By gradually increasing the street artist fee in 6.7% increments for the balance of the present year and the next two years while simultaneously drawing down on the surplus fees reserve, the fee by FY 2004-05/05-06 should be sufficient to entirely support the costs of the Program, depending on the number of street artists at that time (see below).

The last time the fee was raised was in June, 1991 (Ordinance 216-91).

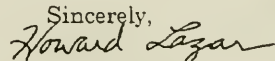
Without obtaining a fee increase, the Program's surplus fee reserve is projected to expire in FY 04-05, as follows:

YEAR	BUDGET (3% inflation factor)	PROJECTED REVENUE (x 347 artists @ \$350 yr)	DEFICIT	FEES SAVINGS BALANCE (after covering deficit)	INTEREST ON SAVINGS BALANCE (6%)	SAVINGS BALANCE
						115,721
02-03	170,527 (actual expenses)	121,450 (actual)	(-49,077)	66,644	3,999	70,643
03-04	156,317 (approved budget 03-04)	121,450	(-34,867)	35,776	2,147	37,923
04-05	161,007	121,450	(-39,557)	(-1,634)	0	0

Mr. Harvey Rose – August 27, 2003
Page 3

The following is a tentative projection of revenues predicated on three proposed fee increases (in one ordinance) and augmented by the Program's surplus fees reserve until the reserve is exhausted:

YEAR	BUDGET (3% inflation factor	CURRENT REVENUE (x 347 artists)	NEW FEE REVENUE (x 347 artists)	TOTAL REVENUE	DEFICIT	FEE SAVINGS BALANCE (after covering deficit)	INTEREST ON SAVINGS BALANCE (6%)	SAVINGS BALANCE
								115,721
02-03	170,527 (actual expenses)	@ \$350 yr	-	121,450	(-49,077)	66,644	3,999	70,643
03-04	156,317 (approved budget)		@ \$373.60 yr 129,639	129,639	(-26,678)	43,965	2,638	46,603
04-05	161,007	-	@ \$396.40 yr 137,551	137,551	(-23,456)	23,147	1,389	24,536
05-06	165,837	-	@ \$419.20 yr 145,462	145,462	(-20,374)	4,162	250	4,412
-----subsequent legislation for new fee required -----								
06-07	170,812	-	@ \$419.20 yr 145,462	145,462	(-25,350)	(-20,933)	0	0

Sincerely,

Howard Lazar
Street Artists Program Director

Saving Balance Without Fee Increase

Year	Budget Expenses 3% Inflation	Projected Revenue	Deficit	Fee Saving Balance	Interest on Savings Balance 6%	Total Saving Balance
Balance						
Carryforward						\$ 115,721
2002-03 Actual	\$ 170,527	\$ 121,450	\$ (49,077)	\$ 66,644	\$ 3,999	\$ 70,643
2003-04 Approved Budget	\$ 156,317	\$ 127,750	\$ (28,567)	\$ 42,076	\$ 2,525	\$ 44,600
2004-05	\$ 161,007	\$ 127,750	\$ (33,257)	\$ 11,344	\$ 681	\$ 12,024
2005-06	\$ 165,837	\$ 127,750	\$ (38,087)	\$ (26,062)	\$ -	\$ -

Saving Balance With Proposed Fee Increase

Year	Budget Expenses 3% Inflation	Projected Revenue	Deficit	Fee Saving Balance	Interest on Savings Balance 6%	Total Saving Balance
Balance						
Carryforward						\$ 115,721
2002-03 Actual	\$ 170,527	\$ 121,450	\$ (49,077)	\$ 66,644	\$ 3,999	\$ 70,643
Based on FY02-03 Level of 347 annual permits						
2003-04	\$ 156,317	\$ 129,639	\$ (26,678)	\$ 43,965	\$ 2,638	\$ 46,603
2004-05	\$ 161,007	\$ 137,551	\$ (23,456)	\$ 23,147	\$ 1,389	\$ 24,536
2005-06	\$ 165,837	\$ 145,462	\$ (20,374)	\$ 4,162	\$ 250	\$ 4,411
Subsequent legislation for new fee required						
2006-07	\$ 170,812	\$ 145,462	\$ (25,349)	\$ -	\$ -	\$ -
2007-08	\$ 175,936	\$ 145,462	\$ (30,474)	\$ -	\$ -	\$ -

Saving Balance With Proposed Fee Increase

Year	Budget Expenses 3% Inflation	Projected Revenue	Deficit	Fee Saving Balance	Interest on Savings Balance 6%	Total Saving Balance
Balance						
Carryforward						\$ 115,721
2002-03 Actual	\$ 170,527	\$ 121,450	\$ (49,077)	\$ 66,644	\$ 3,999	\$ 70,643
Based on Level of 365 annual permits						
2003-04	\$ 156,317	\$ 136,364	\$ (19,953)	\$ 50,690	\$ 3,041	\$ 53,731
2004-05	\$ 161,007	\$ 144,686	\$ (16,321)	\$ 37,411	\$ 2,245	\$ 39,655
2005-06	\$ 165,837	\$ 153,008	\$ (12,829)	\$ 26,826	\$ 1,610	\$ 28,436
2006-07	\$ 170,812	\$ 153,008	\$ (17,804)	\$ 10,632	\$ 638	\$ 11,270
Subsequent legislation for new fee required						
2007-08	\$ 175,936	\$ 153,008	\$ (22,928)	\$ (11,658)	\$ -	\$ -

Item 8 - File 03-1428

Department: Airport

Item: Resolution authorizing the Airport Commission to amend grant agreements with the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) related to AIP projects 16, 17, and 19, previously approved by the Board of Supervisors; and to release grant funds previously approved by the Board of Supervisors, in the amount of \$1,199,790 under AIP 17.

Source of Funds: Federal Aviation Administration (FAA) Airport Improvement Program (AIP)

Grant Amounts: No change to the total grant amounts of AIP 16 (\$15,525,000), AIP 17 (\$8,324,790), and AIP 19 (\$5,291,558), as previously approved by the Board of Supervisors.

Grant Period: The date of Board of Supervisors approval through July 30, 2005 for AIP 16 and 17 (approximately 22 months) and July 30, 2006 for AIP 19 (approximately 33 months).

Required Match: None

Indirect Costs: According to Ms. Josephine Bower of the Airport, the Airport is exempt from indirect costs due to the Lease and Use Agreement.

Description: The proposed resolution would authorize the Airport to amend the projects funded by AIP 16, AIP 17, and AIP 19 in line with changing priorities, as follows:

- \$4,800,000 of the \$15,525,000 in AIP 16 grant funds would be reprogrammed to fund an additional project: the rehabilitation of Taxiways C and Q.
- \$1,199,790 of the \$8,324,790 in AIP 17 grant funds, of which \$1,202,977 were previously reserved by the Board of Supervisors, would be reprogrammed from the now discontinued Runway Reconfiguration Project's Environmental Impact Statement Study to the construction of the Taxiway Z bypass, the acquisition of an aircraft rescue fire fighting vehicle, and installation of security improvements. The Airport requests that the

\$1,199,790 be released from reserve (see Comment No. 7).

- All \$5,291,558 of AIP 19 funding for the Airport's now discontinued Runway Reconfiguration Project's Environmental Impact Statement Study would be reprogrammed to fund a North and West Field Drainage Improvement Project.

Comments:

AIP 16

1. The original Grant Agreement between the FAA and the Airport for Project No. 3-06-0221-16 (AIP 16) in the amount of \$15,525,000 was approved by the Board of Supervisors on October 22, 2001 (Resolution 826-01). As shown in the table below, under the proposed Amendment No. 1 to the Grant Agreement for AIP 16, grant funds in the amount of \$4,800,000 would be reprogrammed from the runway 10L and 1R-19L shoulder widening project to contractual services related to the rehabilitation of Taxiways C and Q. Ms. Bower advises that in order to avoid potential shutdowns due to structural fatigue, the bases of Taxiways C and Q need to be reconstructed and the runways need to be repaved. Ms. Bower states that using the remaining AIP 16 funding would permit this work to occur more quickly.

2. Ms. Bower advises that the \$4,800,000 is available for reprogramming because the runway 10L and 1R-19L shoulder widening project will be completed for less cost than originally estimated.

3. The following table compares the original budget for the four existing AIP 16 projects and the revised budget in which \$4,800,000 has been reprogrammed from the runway 10L and 1R-19L shoulder widening project to Taxiway C and Q rehabilitation:

<u>Project</u>	<u>Original Budget</u>	<u>Proposed Revised Budget</u>
Runway 10L-28R and 1R-19L shoulder widening	\$6,000,000	\$1,200,000
Airfield low visibility improvements	4,125,000	4,125,000
Timber trestle improvements ¹	900,000	900,000
South Field drainage improvements	4,500,000	4,500,000
Taxiway C and Q rehabilitation	<u>0</u>	<u>4,800,000</u>
TOTAL:	\$15,525,000	\$15,525,000

4. Ms. Bower advises that the contractors to rehabilitate Taxiways C and Q would be selected through competitive bid processes, according to FAA guidelines. Ms. Bower advises that the estimated timeframe for these contracts will be approximately 22 months.

AIP 17

5. The original Grant Agreement between the FAA and the Airport for Project No. 3-06-0221-17 (AIP 17), in the amount of \$8,324,790 for Runway Reconfiguration Project preliminary engineering, environmental planning, and mitigation for environmental evaluation was approved by the Board of Supervisors on October 22, 2001 (Resolution 826-01). The Board of Supervisors placed the entire \$8,324,790 on reserve, pending an analysis of the timeliness of that project, selection of consultants, and submission of budget details. Amendment No. 1 to the Grant Agreement for AIP 17 between the FAA and the Airport, as previously approved by the Board of Supervisors, reallocated the reserved funds of \$8,324,790 from the Runway Reconfiguration Project to FAA-required security and safety improvements. The Board of Supervisors released reserved funds in the amount of \$7,121,813 for the FAA-required security and safety projects, leaving \$1,202,977 on reserve (File 02-0097).

¹ According to Ms. Bower, this project will upgrade and repair the Middle Marker Platform and the trestles which supports FAA's approach light facilities and the SFO. It involves the replacement of walkway, handrail structures, and other structural elements of the timber trestles.

6. Under the proposed Amendment No. 2 to the Grant Agreement for AIP 17, reserved grant funds in the amount of \$1,199,790, which is \$3,187 less the full amount of the \$1,202,977 on reserve) would be reprogrammed from the Airport's now discontinued Runway Reconfiguration Project's Environmental Impact Statement Study to fund the outstanding project costs related to the following ongoing projects:

- Construction of Phase II of the Taxiway Z bypass, which enhances operational safety by creating a direct bypass across the Airport's primary landing runways for heavy long-range aircraft.
- Acquisition of a new aircraft rescue fire fighting vehicle, to replace a vehicle purchased in 1988 which has exceeded the FAA estimate of a ten-year life for this type of front-line apparatus.
- Improvement of domestic terminal complex and garage security retrofits.

7. As noted above, the requested release of reserved funds in the amount of \$1,199,790 is \$3,187 less than the full amount of \$1,202,977 on reserve. Ms. Bower advises that the Airport had inadvertently not requested the release of the \$3,187 and that the Airport is now requesting that the Board of Supervisors approve the release of the remaining \$3,187 of reserved AIP 17 funds for expenditure on the Taxiway Z bypass, Phase II project.

8. The following table shows the full AIP 17 budget in the amount of \$8,324,790 for FAA-required security and safety improvements, including the originally requested release of \$1,199,790 on reserve as well as the release of the additional \$3,187 on reserve:

<u>Projects</u>	<u>Original Budget (Res. 826-01)</u>	<u>Revised Budget: Previously Released AIP 17 Fund Amount (File 02-0097)</u>	<u>Revised Budget: Proposed Release of Remaining AIP 17 Reserve Funds (File 03-1428)</u>	<u>Revised Budget Total</u>
Runway Reconfiguration Project	\$8,324,790	\$0	\$0	\$0
Taxiway Z bypass, Phase II	0	\$1,875,000	\$932,977	\$2,807,977
Aircraft rescue fire fighting vehicle upgrade	0	487,500	225,000	712,500
Domestic terminal complex and garage security retrofits	0	2,385,813	45,000	2,430,813
Security perimeter fencing	0	270,000	0	270,000
CCTV – Video	0	375,000	0	375,000
Enhancements at checkpoints				
100 Percent Explosive Detection System	<u>0</u>	<u>1,728,500</u>	<u>0</u>	<u>1,728,500</u>
TOTAL:	\$8,324,790	\$7,121,813	\$1,202,977	\$8,324,790

9. Ms. Bower advises that the reprogrammed \$1,202,977 will fund existing contractors of the Airport,² as shown in Attachment I, provided by the Airport. Ms. Bower advises that the extended term of these contractors is approximately 22 months.

AIP 19

10. The original Grant Agreement between the FAA and the Airport for Project No. 3-06-0221-19 (AIP 19) in the amount of \$5,291,558 was approved by the Board of Supervisors on October 7, 2002 (Resolution 674-02). Under the proposed Amendment No. 1 to the Grant Agreement for AIP 19, grant funds in the amount of \$5,291,558 would be reprogrammed from the Airport's now discontinued Runway Reconfiguration Project's Environmental Impact Statement

² In the case of the security perimeter fencing project, work is being performed by Airport staff.

Study to fund North and West Field drainage improvements. Ms. Bower advises that many of the North and West Field drainage systems are in poor or non-functional condition, and therefore it is critical to repair these drainage systems prior to the rainy season.

11. The following table compares the original and revised budgets for AIP 19 funds:

<u>Project</u>	<u>Original Budget</u>	<u>Proposed Revised Budget</u>
Runway Reconfiguration Project's Environmental Impact Statement Study	\$5,291,558	\$0
North and West Field Drainage Improvement Project:		
1. Administration (2 percent)	0	105,831
2. Architect, engineers, inspection (15 percent)	0	793,734
3. Construction (83 percent)	<u>0</u>	<u>4,391,993</u>
TOTAL:	\$5,291,558	\$5,291,558

12. The subject \$5,291,558 of AIP 19 grant funds would be reprogrammed to fund contractors to construct the North and West Field drainage improvements. The contractors would be selected through competitive bid processes, according to FAA guidelines. Ms. Bower advises that the estimated timeframe for these contracts is approximately 33 months from design to grant closeout.

Related Issues

13. Attachment II, provided by Ms. Bower, states that any future amendments to AIP grant agreements related to previous restrictions, such as reserved funds or discontinuation of projects, would be subject to Board of Supervisors approval.

14. Attachment III, provided by the Airport, is the Grant Information Form that includes a disability access checklist.

Recommendation: Approve the proposed resolution, including the release of \$3,187 for AIP 17, in accordance with Comment No. 7 above.

BOARD OF SUPERVISORS
BUDGET ANALYST



San Francisco International Airport

Memo to the Finance and Audits Committee
September 17, 2003 Finance and Audits Committee Meeting

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

ATTACHMENT I

<u>AIP 17 Projects</u>	<u>Contractors</u>	<u>Selection Process</u>
Taxiway "Z" Bypass, Phase II	Ghilotti Brothers Construction	Bid according to FAA guidelines
Security Perimeter Fencing	In-House	N/A
Domestic Terminal Complex & Garage Retrofits	In-House / RFP Pending (Equipment)	Request for Proposal (Equipment Only)
100% Explosive Detection System	D. W. Nicholson	Sole Source
ARFF Vehicle T300 Upgrade	RFP Pending (Vehicle)	Request for Proposal

AIRPORT
COMMISSION
CITY AND COUNTY
OF SAN FRANCISCO

WILLIE L. BROWN, JR.
MAYOR

LARRY MAZZOLA
PRESIDENT

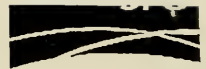
MICHAEL S. STRUNSKY
VICE PRESIDENT

LINDA S. CRAYTON

CARYL ITO

ELEANOR JOHNS

JOHN L. MARTIN
AIRPORT DIRECTOR



San Francisco International Airport

P.O. Box 8097
San Francisco, CA 94128
Tel 650.821.5000
Fax 650.821.5005
www.flysfo.com

Memo to the Finance and Audits committee
September 17, 2003 Finance and Audits Committee Meeting

AIRPORT
COMMISSION
CITY AND COUNTY
OF SAN FRANCISCO

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JOHN L. MARTIN
AIRPORT DIRECTOR

FAA Airports Offices are authorized to amend AIP grant agreements to change the work description. This may involve adding, substituting, and/or deleting work items. The estimated cost of the proposed items should be within the grant amount, unless the amendment is a request to increase the FAA's maximum obligation. The Airport must obtain Board of Supervisor's approval for any project amendments where funding was for work performed by the amendment previously restricted by the Board. All amendments must be fully justified and documented.

The Board of Supervisors will be informed and requested to approve of any future amendments that are related to previous restrictions, such as reserved funds, or discontinuation of projects. Due to the shortage of Federal funding, in addition to the increasing competition of nationwide airports, time allowed for acceptance and execution of grant offers and amendments has been reduced to as short as 24 hours after notification. The above provision will allow the Airport to maximize the usage of existing grant funds within the time frames allowed for these highly competitive appropriations.

There is no record of any previously restricted project amendment. The Board of Supervisors has approved acceptance and expenditure of all previous amendments.

File Number: _____

Grant Information Form

(Effective January 2000)

Purpose: Accompanies proposed Board of Supervisors resolutions authorizing a Department to accept and expend grant amendment.

The following describes the grants referred to in the accompanying resolutions:

1. Grant Title: Accept Grant Amendment under the Airport Improvement Program (AIP), AIP Project No. 3-06-0221-16, AIP Project No. 3-06-0221-17, and AIP Project No. 3-06-0221-19; and to Release Grant Fund from Reserve, in the amount of \$1,199,790, under AIP Project No. 3-06-0221-17.
2. Department: Airport Commission
3. Contact Person: Josephine Bower Telephone: (650) 821-2942
4. Grant Approval Status (check one):
☒ Approved by funding agency ☐ Not yet approved
5. Amount of Grant Funding Approved or Applied for:
Board of Supervisors approved all grant funds under each grant agreement. Amendment is to change projects, not funding. Requested release amount is \$1,199,790
- 6a. Matching Funds Required: N/A
b. Source(s) of matching funds (if applicable): N/A
- 7a. Grant Source Agency: Federal Aviation Administration
b. Grant Pass-Through Agency (if applicable): N/A
8. Proposed Grant Project Summary:
Please Refer to Grant Amendment Project Summary (Attachment D)

Amended Grant Project Schedule, as allowed in approval documents, or proposed:

Start Date: Upon Board Approval
End Date: July 30, 2005 (AIP 16, 17) July 30, 2006 (AIP 19)
9. Number of new positions created and funded: (0)

10. If new positions are created, explain the disposition of employees once the grant ends? N/A

11a. Amount budgeted for contractual services out of the reprogrammed fund:
\$4,080,000 (AIP 16), \$ 1,019,821 (AIP 17) \$4,497,824 (AIP 19)

Will contractual services be put out to bid?

Yes, for amended project under AIP 16, and AIP 19, according to FAA bid and contract procedures. No, for AIP No. 17, which will be performed by the existing construction contracts, which has been approved by FAA.

b. If so, will contract services help to further the goals of the department's MBE/WBE requirements?
Contract services will assist in complying department's DBE requirements. MBE/WBE goals do not apply to FAA contracts.

c. Is this likely to be a one-time or ongoing request for contracting out? One-Time

12a. Does the budget include indirect costs? ☐ Yes ☒ No

b1. If yes, How much? N/A

b2. How was the amount calculated? N/A

c. If no, why are indirect costs not included?
☐ Not allowed by granting agency
☐ To maximize use of grants funds on direct services
☒ Other (please explain):

According to the Lease and Use Agreement between the City of San Francisco and major airlines using San Francisco International Airport, the Annual Service Payment made to the City shall constitute full satisfaction of all obligations of the Airport. (Please refer to Attachment G).

13. Any other significant grant requirements or comments:
Deadline to Accept and Execute Grant Amendment is September 30, 2003.

**** Disability Access Checklist****

14. Grant Amendments are intended for activities at (check all that apply):

☒ Existing Site(s) ☒ Existing Structure(s) ☐ Existing Program(s) or Service(s)

☐ Rehabilitated Site(s) ☐ Rehabilitated Structures(s) ☐ New Program(s) or Service(s)

☒ New Site(s) ☐ New Structure(s)

15. The Departmental ADA Coordinator and/or the Mayor's Office on Disability has reviewed the proposal and concluded that the projects as proposed will be in compliance with the Americans with Disabilities Act and all other Federal, State and local access laws and regulations and will allow the full inclusion of persons with disabilities, or will require unreasonable hardship exceptions, as described in the comments section:

Comments:

Departmental or Mayor's Office of Disability

Reviewer: N/A (Name)

Date Reviewed: N/A

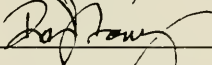
Department Approval:

Ronald J. Fong

(Name)

ADA Program Manager

(Title)


(Signature)

Item 9 – File 03-1253

Note: This item was continued by the Finance and Audits Committee at its meeting of August 20, 2003.

Department: Department of Administrative Services- Convention Facilities Management (CFM)

Item: Resolution concurring with the Controller's certification that Convention Facilities management, operation and maintenance services can continue to be practically performed at the Bill Graham Civic Auditorium and the Moscone Center by a private contractor for a lower cost than similar work performed by City and County employees.

Services to be Performed: Convention facilities management, operation and maintenance

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work performed by City employees.

The Controller has determined that contracting for convention facilities management, operations and maintenance services at the Bill Graham Civic

Auditorium and Moscone Center for FY 2003-2004 would result in the estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City Operated Service Costs</u>		
Salaries	\$11,689,518	\$13,308,601
Fringe Benefits	<u>2,609,556</u>	<u>2,738,585</u>
Total	14,299,074	16,047,186
 <u>Contractual Services Costs</u>	 <u>12,187,480</u>	 <u>12,187,480</u>
 <u>Estimated Savings</u>	 <u>\$2,111,594</u>	 <u>\$3,859,706</u>

Comments:

1. Under an outside contract, the Moscone Joint Venture, consisting of SMG and Thigpen Limited, Inc., manages, operates and maintains the Bill Graham Civic Auditorium and Moscone Center, including the new Moscone Center West. Specifically, the Moscone Joint Venture's responsibilities include: (1) contracting with others for their use of the convention facilities; (2) promoting the use of the convention facilities; (3) conducting event management activities; and (4) maintaining the convention facilities and the equipment therein.
2. Convention facilities management, operation and maintenance services at the Bill Graham Civic Auditorium and Moscone Center were first certified as required by Charter Section 10.104 in FY 1982-1983 and have been contracted out continuously since then. According to Mr. John Noguchi of the Department of Administrative Services' Convention Facilities Management (CFM), SMG, the private facility management company charged with operating the City's convention facilities, has been the contractor for these services since the Moscone Center opened in 1981. In 1993, SMG partnered with Thigpen Limited Inc., a minority business enterprise, creating the Moscone Joint Venture.
3. Mr. Noguchi reports that the DAS awarded a five-year contract for the provision of convention facilities

BOARD OF SUPERVISORS
BUDGET ANALYST

management, operations and maintenance services at the Bill Graham Civic Auditorium and Moscone Center to Moscone Joint Venture, effective July 1, 1999. The proposed resolution would approve the Controller's certification for the fifth year of the five-year contract, from July 1, 2003 to June 30, 2004.

4. The Contractual Services Costs used for the purpose of this analysis is the Moscone Joint Venture's projected FY 2003-2004 costs to provide convention facilities management, operation and maintenance services.

5. The Contractual Services Costs of \$12,187,480 for FY 2003-2004 is \$1,309,409 or approximately 12 percent more than the FY 2002-2003 cost of \$10,878,071. Attachment I to this report is a memorandum from Mr. Noguchi explaining that the increase in the contractual services costs is due to the opening and operation of Moscone Center West.

6. The Controller's supplemental questionnaire, with the Department's responses, is included as Attachment II to this report.

7. Attachment III, is a memorandum provided by Mr. Jack Moerschbaecher addressing questions raised by the Finance and Audits Committee at its meeting of August 20, 2003, including: (a) an explanation of the increase in the contract amount for the operation of Moscone West, (b) an explanation of when CFM obtained Board of Supervisors approval to amend the contract for the operation of Moscone West and (c) an explanation of why the contractual services to be provided for Moscone West were not competitively bid.

Recommendation: Approve the proposed resolution.



Willie Lewis Brown, Jr.
Mayor

Jack Moerschbaecher
Director

August 8, 2003

Mr. Salvatore Sanchez
Budget Analyst's Office
San Francisco Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Re: Contractual Service Cost Summary - Fiscal Year 2003-2004
Convention Facilities Management, Operation and Maintenance Services

Dear Salvatore,

Following is a comparison of fiscal year 2002-2003 and 2003-2004 Contractual Service Costs for convention facilities management, operation and maintenance services at the Moscone Center and Bill Graham Civic Auditorium.

	2002-2003	2003-2004	%
Contractual Service Costs	10,878,071.00	12,187,480.00	12.04
Number of Positions	185	234.5	

As the above table illustrates, Contractual Service Costs increased 12% for fiscal year 2003-2004 due to additional personnel hired for the opening and operation of Moscone Center West. The new facility, with over 300,000 square feet of exhibition and meeting space, officially opened in July 2003 and is in full operation with dozens of conventions booked for the fiscal year. Positions have been hired in the following divisions: Operations, Housekeeping, Event Management, Security and Traffic Control.

Please let me know if I can provide any further information.

Sincerely,

A handwritten signature in dark ink, appearing to read "John T. Noguchi".

John T. Noguchi
Deputy Director
Convention Facilities Management

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Convention Facilities Management (Administrative Services)

CONTRACT SERVICES: Operations

CONTRACT PERIOD: July 1, 2003 – June 30, 2004

- (1) Who performed the activity/service prior to contracting out?

City

- (2) How many City employees were laid off as a result of contracting out?

None

- (3) Explain the disposition of employees if they were not laid off.

Employees went to work for the contractor.

- (4) What percentage of City employees' time is spent of services to be contracted out?

0%

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

22 Years

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

1982-1983. Yes.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

Contractor is a joint venture with a minority principal.

- (8) Does the proposed contractor provide health insurance for its employees?

Yes

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Yes.

- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

Yes.

Department Representative: John Noguchi

Telephone Number: 974-4027



Willie Lewis Brown, Jr.
Mayor

Jack Moerschbaecher
Director

Attachment III

Page 1 of 2

August 28, 2003

Mr. Salvador Sanchez
Budget Analyst's Office
San Francisco Board of Supervisors
1390 Market Street, Ste 1025
San Francisco, CA 94102

RE: 2003-2004 Prop J – Convention Facilities

Dear Mr. Sanchez:

Following are your questions relating to the issues that are of concern to Supervisor McGoldrick and my responses:

1. An explanation of the increase in contract cost with Moscone Center Joint Venture specifically for Moscone West. How much money will actually go to the contractor?

The 2002-2003 operating budget was modified in the amount of \$829,109.00 to provide for the additional costs of operating Moscone West.

The 2003-2004 operating budget increased by \$4,419,430.00 for direct expenses associated with operating and maintaining Moscone West.

The management fee for fiscal year 2002-2003 was \$340,000.00 and included no additional amount for managing Moscone West. The management fee for 2003-2004 is \$350,000.

2. An explanation of whether CFM obtained approval from Board of Supervisors for the increase in the contract amount discussed in the question above. If so, what is the File number or Resolution number?

The 2002-2003 contract amendment was approved by the Board by Resolution 9-03 (File number 021877).

The 2003-2004 budget for the Convention Facilities Department, which includes the \$4,419,430.00 increase referred to in item #1, was approved by the Board of Supervisors during the City's budget hearings for 2003-2004.

3. Why did CFM not competitively bid the add-on for Moscone West? Was there a contract amendment to include Moscone West?

The current contract for the management of Moscone Center is in the final year of a five-year term that extends from July 1, 1999 through June 30, 2004. This contract with the Moscone Joint Venture (MJV) was the result of a RFQ process. The contract anticipated the opening of Moscone West and the increase in operating responsibilities. In fact, the Board of Supervisors on June 10, 2003 with Resolution 398-03 extended this management contract for the period July 1, 2004 through June 30, 2009.

Sincerely,

Jack Moerschbaeher

Cc: Bill Lee
John Noguchi

Item 10 – File 03-1270

Note: This item was continued by the Finance and Audits Committee at its meeting of August 20, 2003.

Department: Municipal Transportation Agency (MUNI)

Item: Resolution concurring with the Controller's certification that paratransit services for the Municipal Transportation Agency can continue to be practically performed by a private contractor at a lower cost than by City and County employees.

Services to be Performed: Paratransit Services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

Paratransit Services provide door-to-door transportation services for persons with disabilities. This is accomplished through four modes of transportation, including taxis, ramp taxis, lift vans, and group vans, which cover a service area within geographic boundaries of the City and County of San Francisco, small portions of northern San Mateo County (those areas within ¼ mile of Muni and Bay Area Rapid Transit (BART) routes that run from San Francisco to the Daly City BART station) and Treasure Island. Paratransit Services are intended to provide services to the same areas of service provided by Muni.

The Controller has determined that contracting for the paratransit services for FY 2003-2004 would result in estimated savings as follows:

<u>City-Operated Service Costs</u>	<u>Lowest Salary Step</u>	<u>Highest Salary Step</u>
Salaries	\$11,778,318	\$15,401,875
Fringe Benefits	4,458,495	4,980,147
Capital and Operating Expenses	<u>3,904,917</u>	<u>3,904,917</u>
Total	\$20,141,730	\$24,286,939
<u>Contractual Services Costs</u>	<u>\$20,105,262</u>	<u>\$20,106,849</u>
<u>Estimated Savings</u>	\$36,468	\$4,180,090

According to Mr. Joe Matranga of the Controller's Office, the Contractual Services Cost includes (a) the estimated contractor's cost of \$20,073,976, and (b) the salary and fringe benefits of a 0.20 FTE 1823 Senior Administrative Analyst position and a .20 FTE 1652 Senior Accountant position for contract monitoring, at the total lowest salary step of \$31,286, and total highest salary step of \$32,873.

Mr. Matranga reports that the highest salary step is \$3.6 million more than the lowest salary step due largely to an unusually wide salary range for Transit Operators.

Comments:

1. Paratransit Services were first certified, as required by Charter Section 10.104, in 1984 and have been provided by an outside contractor since that time.
2. Ms. Annette Williams of Muni reports that Paratransit Services has been provided by ATC/Inteltran, a private contractor, since April of 2000. The Muni selected ATC/Inteltran for a five-year contract through a Request for Proposal (RFP) process, previously approved by the Board of Supervisors (File No. 00-0045). Ms. Williams reports that the five-year contract with ATC/Inteltran expires on March 31, 2005

3. The Contractual Services Costs used for the purpose of this analysis is the contractor's estimate of the costs to provide paratransit services for FY 2003-2004.

4. The Contractual Services Costs of \$20,106,849 for FY 2003-2004 is \$1,993,452 or 11.0 percent more than the FY 2002-2003 cost of \$18,113,397. According to Mr. Matranga, the \$1,993,452 increase in Contractual Services Costs is a result of a projected increase in demand for services in FY 2003-2004.

5. The Controller's supplemental questionnaire with the Department's responses is Attachment I to this report.

6. As stated in Attachment II provided by Ms. Williams, "At the present time, there is an expected 8% increase in the paratransit budget from FY 2002-2003 expenditures. The anticipated budget increase is not 11%, but 8% because the actual expenditures for FY 2002-2003 for paratransit services were \$18,581,338, not \$18,113,397 as was anticipated in the FY 2002-2003 Prop J Controller's analysis. The anticipated 8% increase is due to two main factors: cost of living adjustment and increasing demand for services."

7. Attachment II further states that "The federal ADA mandate vis-à-vis paratransit services includes a prohibition of capacity constraints, which means that there can be no limits on ADA paratransit services. Since the level of ADA paratransit service cannot be capped, the budget projections can only be estimated, based on past trends and anticipated demand levels and service costs."

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Municipal Transportation Agency

CONTRACT SERVICES: Paratransit

CONTRACT PERIOD: 07/01/03 – 06/30/04

(1) Who performed the activity/service prior to contracting out?

The paratransit service has always been contracted out.

(2) How many City employees were laid off as a result of contracting out?

None.

(3) Explain the disposition of employees if they were not laid off.

N/A

(4) What percentage of City employees' time is spent of services to be contracted out?

20% of one full-time equivalent contract administrator plus 3 hours per month of a 1630 Accountant.

(5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Twenty-three years. Likely to be an on-going request for contracting out.

(6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

FY 1983-84. Yes, it has been certified every year it has been submitted.

(7) How will the services meet the goals of your MBE/WBE Action Plan?

The contract had a DBE goal of 40%.

(8) Does the proposed contractor provide health insurance for its employees?

Yes, the contract requires health insurance for employees.

(9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Yes, the contractor provides benefits to employees with spouses and domestic partners.

(10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

Yes, the contractor meets the provisions of the Minimum Compensation Ordinance.

Department Representative: Annette Williams

Telephone Number: 923-6142



San Francisco Public Transportation Department

401 Van Ness Avenue, Suite 334, San Francisco, CA 94102

Phone: 415.554.4129 Fax: 415.554.4143



August 21, 2003

To: Leanne Nhan
Budget Analyst Office

From: Annette Williams *AW*
Accessible Services Program

Re: Prop J analysis for Paratransit Services

I am writing to address your questions regarding the Prop J analysis for paratransit services that were raised from the August 20 meeting of the Board of Supervisors Finance & Audit Committee. The three questions related to the estimated 11% increase in the paratransit budget for fiscal year 2003-04, the method by which demand for ADA Paratransit services is projected, and whether there is a cap in the contract on the amount of paratransit services which can be delivered per year.

Paratransit Budget Increase:

At the present time, there is an expected 8% increase in the paratransit budget from fy02-03 expenditures. The anticipated budget increase is not 11% but 8% because the actual expenditures for fy02-03 for paratransit services were \$18,581,338, not \$18,113,397 as was anticipated in the FY 02-03 Prop J Controllers analysis.

The anticipated 8% increase is due to two main factors: cost of living adjustment and increasing demand for services.

Cost of Living Adjustment:

There is an annual cost of living adjustment which is guaranteed by contract to all the paratransit van providers. The cost of living adjustment was estimated at 3% at the time the paratransit budget was derived in March 2003. The actual cost of living adjustment, as based on the consumer price index, is 2.5% for the year, so there should be some anticipated savings due to the over-estimation of the cost of living adjustment at the time the budget was developed.

Increasing Demand for Services:

The demand for paratransit services has been increasing across the country, and Muni has not been exempt from this trend. As noted in a national transportation study conducted by Sandra Rosenbloom for the Brookings Institution, "The complementary paratransit requirements of the ADA have put a tremendous burden on most urban paratransit systems; transit systems must provide a very high level of expensive service to those

certified as ADA-eligible.” (*The Mobility Needs of Older Americans: Implications for Transportation Reauthorization, July 2003*).

Regional studies also show that the Bay Area has been experiencing significant growth in paratransit. MTC’s report, “State of the Region 2002: Status of San Francisco Bay Area Paratransit Programs,” indicates that overall paratransit expenditures in the Bay Area have doubled over the past six years. An important note to emphasize is that although Muni accounts for only 19% of the regional expenditures, we provide 33% of the service. Muni clearly has a highly efficient paratransit system.

The increase in demand for paratransit services in San Francisco relates to many factors, including:

- Better taxi service. The city has added nearly 500 cabs in the past few years and this has greatly improved access to services.
- More wheelchair users using more trips on ramp taxi instead of lift van.
- In January 1997 Muni had to lift scrip limits on taxi services to be in compliance with the Americans with Disabilities Act (ADA). This was prior to the development of the ADA Access mode, which currently serves as an ADA-compliant service.
- The population is aging, and life expectancy rates have increased. This means that more people tend to be eligible for paratransit services because there is a relationship between age and inability to use fixed route service.
- More people with disabilities and frail elders are living independently, not in institutions, and require paratransit to meet their daily transportation needs.
- The ADA has sensitized people to the fact that they have a right to public transportation, likely increasing demand nationwide.

The projected ridership increase does not affect the amount paid to the Paratransit Broker for administrative costs. The Broker is paid on a cost plus fixed fee basis. The reimbursement for administrative costs is based on actual direct costs, which are billed monthly, and a fixed fee which was set for each year in the 5-year contract. The fixed fee for fy03-04 is \$106,378.73.

Method for Projecting Paratransit Demand

The federal ADA mandate vis-à-vis paratransit services includes a prohibition of capacity constraints, which means that there can be no limits on ADA paratransit services. Since the level of ADA paratransit service cannot be capped, the budget projections can only be estimated, based on past trends and anticipated demand levels and service costs. The ridership projections for fy03-04 were developed during the budgeting process in March 2003 and are based on historical trends in demand for services as well as anticipation of changes in demand resulting from service and fare changes made in the program for fy03-04.

At this time, based on recent data on ridership through the end of fy02-03, Muni expects that actual expenditures for fy03-04 will be under the budgeted amount by approximately \$500,000. The budget projections are updated monthly based on actual ridership and expenditures.

Demand Management Strategies:

In recent years, Muni has made service changes which have impacted demand and we are working on a 5-year financial plan which will be presented to the Transportation Authority this fall. The 5-year financial plan will include projections for future demand and additional measures which will be taken to further manage demand while continuing to meet the ADA mandates and provide this very important public service. Muni has already made great strides in reducing the paratransit expenditures growth rate, which has resulted in a reduction in the annual growth rate over the past 3 years.

Fiscal Year	Paratransit Expenditures	% Change
1999-00	\$13,691,089	
2000-01	\$16,109,562	17.7%
2001-02	\$17,833,718	10.7%
2002-03	\$18,581,338	4.2%
2003-04*	\$20,073,976	8.0%

*Budget for FY03-04

Muni is continuing to work in conjunction with the Paratransit Coordinating Council, a consumer advisory body, to develop recommendations to manage demand in the program while not compromising the consumer focus of these important transportation services.

Please let me know if you need any further information. I will be present at the next Finance and Audits Committee meeting to answer any additional questions the Supervisors may have.

Item 11 - File 03-1317

- Department:** Department of Human Resources
Employee Relations Division (ERD)
San Francisco Police Department (SFPD)
- Item:** Ordinance adopting and implementing the Memorandum of Understanding (MOU) between the City and the San Francisco Police Officers' Association (POA).
- Term of the MOU:** Four years: July 1, 2003 through June 30, 2007.
- Wages:** No wage increase in FY 2003-2004. Beginning in FY 2004-2005 and for each year thereafter during the term of the Agreement, the City and the Association agree to use a wage-setting survey approach based on total compensation for the rank of Police Officer (Q-2) in six comparable cities (see Comment No. 1). Increases shall be based on the percentage difference in total compensation, if any, that San Francisco lags behind the average of the designated "six comparable cities". The designated six comparable cities are: Oakland; San Jose; Los Angeles; Santa Rosa; Fremont; and, Richmond (see Comment No. 1).
- Wage increases shall be phased in as follows: (a) in 2004-2005, the wage increase shall equal sixty percent (60%) of the difference that the total compensation of the six comparable cities exceeds the total components of SFPD Q-2 Police Officers; (b) in 2005-2006, the wage increase shall be eighty percent (80%) of the difference that the total compensation of the six comparable cities exceeds the total compensation of SFPD Q-2 Police Officers; and, (c) in 2006-2007 the wage increase shall be one hundred percent (100%) of the difference that the total compensation of the six comparable cities exceeds the total compensation of SFPD Q-2 Police Officers. Annual wage increases shall be phased in during each year of the Agreement with one third of the wage increase implemented on July 1 of each fiscal year and two thirds of the wage increase implemented on January 1 of each fiscal year.
- Retirement Pick-Up:** Police Officers covered by the subject MOU will pay for the employee portions of the mandatory employees' retirement contributions during all four years of the Agreement, equal to

7.5 percent of their salaries, instead of the City picking up such payments as has been the case in the past. In recognition of the POA's agreement to this provision, as with other MOUs with City Unions, covered employees will receive either (a) five additional floating holidays in FY 2003-2004, for those Police Officers who work a five-day, eight hour per day, 40 hour per week schedule, or (b) four additional floating holidays in FY 2003-2004, for those Police Officers who work a four-day, ten hour per day, 40 hour per week schedule.

**Number of
Classifications
and Number of
Employees
Covered by the
Proposed MOU**

The proposed MOU covers the following 26 Police Officer classifications:

Unit P-1 Police Rank and File

Q-2 Police Officer
Q-3 Police Officer II
Q-4 Police Officer III
Q-35 Assistant Inspector
Q-36 Assistant Inspector II
Q-37 Assistant Inspector III
Q-50 Sergeant
Q-51 Sergeant II
Q-52 Sergeant III
0380 Inspector
0381 Inspector II
0382 Inspector III
9350 Harbor Police Officer

Unit P-2A Police Supervisory

Q-60 Lieutenant
Q-61 Lieutenant II
Q-62 Lieutenant III
Q-80 Captain
Q-81 Captain II
Q-82 Captain III

P-2B Police Management Supervisory

Q-90 Director of Police Psychology
0400 Deputy Chief
0401 Deputy Chief II
0402 Deputy Chief III
0488 Commander
0489 Commander II
0490 Commander III

The only Police Department uniform positions not covered by this proposed MOU are the Chief of Police and the Assistant Chief of Police, who are represented by the Municipal Executives Association (MEA). As of the writing of this report, the MOU with the MEA for the Chief of Police and the Assistant Chief have not been negotiated. The proposed MOU covers a total of 2,449 authorized positions in the Police Department. Based on the number of funded full time Police Officer equivalent positions in the FY 2003-2004 budget, the proposed MOU covers a total of 2,287 FTE Police Officers, including 188 Police Officers assigned to the Bureau of Airport Police.

Other Terms:

Additional major changes to the City's MOU with the POA are summarized in the table below:

MOU PROVISION	CURRENT LANGUAGE OR PRACTICE	PROPOSED LANGUAGE
Terrorism Response Training Pay to be effective beginning in FY 2004-2005.	No current provision.	In recognition of mandated, specialized training dealing with emergencies involving terrorism and bio-terrorism, employees shall receive a one percent (1%) adjustment to their regular rate of pay effective July 1, 2004. Funding for this premium is anticipated from Federal Homeland Security grants; however, if the Federal funding is not obtained, the premium shall be paid by the City as part of a San Francisco Police Officer's regular rate of pay and shall be included in the wage setting survey described above.

MOU PROVISION	CURRENT LANGUAGE OR PRACTICE	PROPOSED LANGUAGE
<p>Retention Pay (See Comment 2.)</p>	<p>Currently, Police Officers with 25 or more years of experience receive Retention Pay equal to two percent (2%) of base pay. Such pay is be included for purposes of retirement benefit calculations and contributions.</p>	<p>The Retention Pay equal to two percent (2%) of base pay would be provided to all Police Officers with 23 or more years of experience instead of 25 or more years of experience. Such pay would continue be included for purposes of retirement benefit calculations and contributions.</p>
<p>Experienced Officer Incentive Pay to be effective beginning in FY 2004-2005. (See Comment 3.)</p>	<p>No current provision.</p>	<p>To ensure each District Police Station is adequately staffed with senior officers and sergeants at night, effective July 1, 2004, employees who have completed 23 or more years of service shall receive a two percent (2%) premium as an additional incentive to work night duty assignments. Such premium pay would only be granted to Police Officers of the rank Q2, Q3, and Q4 and Sergeants of the rank Q50, Q51, and Q52.</p> <p>Experienced Officer Incentive Pay shall be included for purposes of retirement benefit calculations and contributions, however this amount is not considered "salary attached to the rank" as defined by the Charter.</p>

MOU PROVISION	CURRENT LANGUAGE OR PRACTICE	PROPOSED LANGUAGE
<p>Field Training Premium</p> <p>(See Comment 4.)</p>	<p>Currently, experienced Police Officers who are assigned as Field Training Officers, and work in two-person teams with new Police Officers who have completed their Police Academy training and are receiving "field training" receive premium pay of \$250 biweekly. Sergeants who either supervise Field Training personnel or act as "Station Coordinator" when Field Training personnel are assigned to their shifts receive \$225 biweekly. Such premium pay is not included for purposes of retirement benefit calculations and contributions.</p> <p>In addition, although not specified in the current MOU, such Police Officers receive Compensatory Time Off for each shift they work as Field Training Officers. Police Officers receive one hour of compensatory time-off for each shift they work as a Field Training Officer; Field Training Supervisors (Police Sergeants) receive two hours of compensatory time-off per week; and Field Training Station Coordinators receive 4.5 hours of compensatory time off per biweekly pay period when the station is conducting field training.</p>	<p>Field Training Officers would receive premium pay of \$550 biweekly instead of \$250.</p> <p>Sergeants who supervise Field Training personnel would receive \$400 instead of \$250 biweekly and Sergeants who act as "Station Coordinator" when Field Training personnel are assigned to their shifts would receive \$125 biweekly instead of \$250. Such premium pay would continue to not be included for purposes of retirement benefit calculations and contributions.</p> <p>The practice of granting compensatory time-off for personnel performing Field Training duties will be ended.</p>

MOU PROVISION	CURRENT LANGUAGE OR PRACTICE	PROPOSED LANGUAGE
Overtime – Compensatory Time-Off		
<ul style="list-style-type: none"> Limits on Overtime for Non-Emergency Special Events <p>(See Comment 5.)</p>	<p>Currently, when Police Officers have their days off cancelled and are ordered to work overtime, Police Officers receive a full day's compensation, either eight or 10 hours (depending on their normal tour of duty), regardless of the actual number of hours worked. This has been a long standing practice that was not included in any MOU with the POA.</p>	<p>When Police Officers have their scheduled days off cancelled and are ordered to work overtime, Police Officers receive a minimum of four hours of overtime instead of a minimum of eight or 10 hours of overtime pay (depending on their normal tour of duty).</p>
<ul style="list-style-type: none"> Caps on Compensatory Time-Off for all employees <p>(See Comment 4.)</p>	<p>No current provision.</p>	<p>The Federal Fair Labor Standards Act (FLSA) establishes a limit on the accrual of compensatory time-off (in lieu of cash payments for overtime worked) of 480 hours for Police Officers.</p> <p>The proposed MOU states that Police Officers may not accrue more than 480 hours of compensatory time-off. Employees with more than 480 hours of compensatory time-off may not accrue additional compensatory time-off until and unless their balances fall below 480 hours. Deputy Chiefs, commanders and captains with existing balances over 480 hours must reduce their compensatory balances to no greater than 1,300 hours by the expiration of the Agreement.</p>

MOU PROVISION	CURRENT LANGUAGE OR PRACTICE	PROPOSED LANGUAGE
Wellness Program	Currently, Police Officers must establish and maintain a core bank of sick leave hours in order to qualify for the wellness program. That core bank is a minimum of 300 hours of sick leave. To promote workforce attendance, Police Officers are entitled to cash out annually up to 50 hours of sick leave.	To promote workforce attendance, the amount of accrued sick leave Police Officers are entitled to cash out annually is increased from up to 50 to 100 hours. Further, the MOU provides that Police Officers shall not be penalized for absences resulting from authorized bereavement leave and any time taken for such purpose shall no longer be considered utilization of sick leave in determining the required core sick leave bank minimum.
Temporary Modified Duty Assignments (See Comment 6.)	Temporary Modified Duty Assignments are not addressed in the current MOU.	To maximize the use of sworn officers in the field and to help reduce overtime, the parties agree to meet and confer over a revised policy regarding temporary, modified duty assignments. According to Police Department General Order 11.12, "modified work assignments are temporary assignments within the department that can be performed by officers who temporarily cannot perform the essential functions of their regular assignment." The policy shall address eligibility, appropriate duties, compensation, maximum length, regularized review and options for employees denied temporary modified duty assignments. The Mayor or his designee shall have the final determination on issues not resolved through meet and confer within 30 days of adoption of the proposed MOU by the Board of Supervisors. The proposed MOU states that the revised policy will be added to the MOU with the POA as an amendment which will then be submitted to the Board of Supervisors for approval.

MOU PROVISION	CURRENT LANGUAGE OR PRACTICE	PROPOSED LANGUAGE
Extension of Probation for Injured Officers	Currently, Police Officers are on probationary status for one year upon completion of the Police Academy. There is no provision for extending the probation period for injured Police Officers.	Under the proposed MOU, the time to complete the required 12-month full duty probationary period shall be extended for periods of temporary modified duty or disability leave.
Retirement Planning Seminars	Currently, the SFPD provides retirement planning seminars and retirement ceremonies for POA members. However, this benefit is not part of the MOU.	Under the proposed MOU, the City shall continue to offer pre-retirement seminars and retirement ceremonies for POA members. The City's cost for such services shall not exceed \$15,000 per fiscal year.
Medal of Valor Awards	Currently, the Police Commission honors Police Officers with formal awards for outstanding service. However, this practice is not part of the MOU.	Under the proposed MOU, the City acknowledges the authority of the Police Commission to honor Police Officers with formal awards for outstanding service, above and beyond the call of duty. Such awards shall be presented at an awards ceremony and the cost of the ceremonies is not to exceed six thousand dollars (\$6,000) per fiscal year. Under Police Department General Order 3.09, Police Officers also receive bonus pay for such awards, up to a maximum of \$1,500 for a "Gold Medal of Honor." The cost of such awards, which are paid from the Police Department's salary accounts, are not addressed in the proposed MOU.

Controller's Cost Analysis

Attachment I to this report is the Controller's cost analysis for the proposed MOU. Attachment I states that, for FY 2003-2004, the proposed MOU results in a net cost decrease of approximately \$12.9 million in FY 2003-2004, a

savings of approximately 5.5 percent below the current overall pay and benefits base.

The Controller's cost estimate over the full term of the proposed four-year MOU ranges from a cumulative savings of \$12,372,073, assuming that no additional salary and other compensation increases are granted by the six comparable cities, to a total cumulative increased cost of \$3,977,639, assuming that future salary increases in the six comparable cities average four percent annually.

Comments:

1. Under the proposed MOU, beginning in FY 2004-2005, the City shall conduct a salary survey of the rank of Police Officer (Q-2) in the following six California cities: Oakland; San Jose; Los Angeles; Santa Rosa; Fremont; Richmond.

These jurisdictions were selected, according to the MOU, because of their comparable size and/or their proximity to San Francisco and because of the similarity of the police services provided. Attachment II, provided by Mr. Geoff Rothman of the Department of Human Resources, explains how the "six comparable cities" were selected, as well as the comparability criteria to be used in the salary survey specified in the proposed MOU.

In accordance with the MOU, the salary survey shall be completed no later than March 15th in each year of this MOU, beginning March 15, 2004.

2. As noted above, the Retention Pay equal to two percent of base pay would be provided to all Police Officers with 23 or more years of experience instead of 25 or more years of experience. Such pay would continue be included for purposes of retirement benefit calculations and contributions. According to Lieutenant Nicole Greely of the SFPD, the SFPD currently employs a total of 361 Police Officers who have greater than 25 years of experience. The number of Police Officers who have greater than 23 years of experience is 517. Therefore, the two percent Retention Pay would be granted to 156 additional Police Officers (517 less 361) or an increase of 43.2 percent. As shown in Attachment I, the Controller's cost estimate includes an increased cost ranging from \$665,000 to \$670,000 for the Retention Pay provision beginning in FY 2004-2005.

3. As noted above, the experienced Officer incentive pay equal to two percent of base pay would be granted to Police Officers with 23 or more years experience to ensure that each District Police Station is adequately staffed with senior Police Officers and Sergeants at night. Increasing the number of experienced Police Officers on night shifts would partially implement the recommendations previously made by the Budget Analyst concerning deployment of Patrol Police Officers. In the December of 1996 Phase 1 Management Audit of the SFPD, the Budget Analyst reported the following audit conclusion:

Police officer deployment practices at the district stations, the temporary reassignment of officers to other duties, and patterns of officer absenteeism are also problematic. Because of these and other factors, per officer workload is highest at the district stations during evening and weekend shifts when service demands are greatest. Additionally, because of seniority rights established in the labor contract with the Police Officers Association (POA), evening and weekend shifts are generally staffed with the least experienced officers.

4. The increase in the Field Training Officer Premium Pay, along with the discontinuation of granting compensatory time-off for work performed as Field Training Officers and the limitations on the amount of compensatory time-off that can be accrued by Police Officers is intended to achieve long-term savings, as Police Officers now are able to "cash out" large amounts of compensatory time-off upon their retirement. However, there will be short term costs associated with these provisions as well, in the form of the changes in Field Officer Training Pay, which the Controller estimates will cost an additional \$109,689 in FY 2003-2004, and increased overtime pay since Police Officers will elect to receive such overtime pay in the future when they have accrued the maximum allowable compensatory time-off of 480 hours. Savings will be realized in the future however as Police Officers who retire will have less compensatory time-off to cash out when they retire. In FY 2002-2003, according to Police Department fiscal records, 87 Police Officers retired. Of those 87 Police Officers, 19 had accrued compensatory time-off in excess of 480 hours. These 19 Police Officers

cashed out an average of 850 hours of compensatory time-off, at a total cost of \$723,130, an average of \$38,059 per Police Officer. Overall, the 87 Police Officers who retired in FY 2002-2003 cashed out \$1,162,061 in compensatory time-off, an average of \$13,357 per Police Officer.

5. As noted above, the proposed MOU would provide that when Police Officers have their scheduled days-off cancelled and are required to work overtime, they would receive a minimum of four hours of overtime, with hour for hour compensation thereafter, instead of a minimum of eight or 10 hours of overtime pay (depending on their normal tour of duty), regardless of the actual number of hours worked, as is the current practice. This provision would partially implement prior recommendations of the Budget Analyst. In the December of 1996 Phase 1 Management Audit of the SFPD, the Budget Analyst reported that Police Officers working overtime for Special Events were paid a minimum of eight or 10 hours of overtime pay (depending on their normal tour of duty), regardless of the actual number of hours worked. According to Captain John Goldberg of the SFPD, the new provision would apply to overtime required for both emergency and non-emergency events.

6. As previously noted, according to Police Department General Order 11.12, "modified work assignments are temporary assignments within the department that can be performed by officers who temporarily cannot perform the essential functions of their regular assignment." The Budget Analyst has previously recommended, in Phase 2 of our Management Audit report issued in May of 1998, that the Police Department reform its modified duty policy. We found that a significant number of Police Officers worked modified duty, as they were unable to perform the full duties of a sworn Police Officer, for extended periods of time. Currently, according to Lieutenant Greely, 170 Police Officers are on modified duty. As also noted above, the proposed MOU states that the revised policy will be added to the MOU with the POA as an amendment which will then be submitted to the Board of Supervisors for future approval.

7. According to Deputy City Attorney Phil Ginsburg, the proposed resolution should be amended to provide for retroactivity to July 1, 2003.

BOARD OF SUPERVISORS

BUDGET ANALYST

Recommendations: 1. In accordance with Comment No. 7, amend the proposed ordinance for retroactivity.

2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.



**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER**

Ed Harrington
Controller
Monique Zmuda
Deputy Controller

September 10, 2003

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: File Number 031317 Amendment to Memorandum of Understanding (MOU) with the San Francisco Police Officers' Association (SFPOA)

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the MOU between the City and County of San Francisco and the SFPOA. The amendment covers the period July 1, 2003 through June 30, 2007, and affects 2,449 authorized positions with a salary base of approximately \$181.1 million and a total pay and benefits base of approximately \$234.3 million. Based on our analysis, the MOU will result in a net cost decrease of approximately \$12.9 million in FY 2003-2004, a savings of approximately 5.5% below the current overall pay and benefits base.

Employee Retirement Pick-up and Floating Holidays

The amendment provides that employees will pay the full employee contribution to the retirement system that had previously been paid by the City for the entire four-year term of the agreement. For FY 2003-2004, this amount, equal to 7.5% of pensionable pay, will result in savings of approximately \$14.2 million. The net cost in the final three years of the contract will depend on the results of a new wage survey outlined below. The MOU also provides for an additional four paid floating holidays for FY 2003-2004 only, and an additional permanent paid floating holiday effective July 1, 2003. The Police Department and Mayor's Budget Office have not budgeted for any increase in overtime due to the floating holidays and stated that they do not plan to fill the lost shifts. However, it is the City's experience that Police shifts are typically filled for staffing needs, and costs are likely to increase due to the floating holiday provisions.

The Wage Setting Survey

The amendment contains no wage increase for FY 2003-2004. Effective July 1, 2004 through the end of the MOU term, wage increases will be determined through a survey of total compensation in six California jurisdictions. In March preceding the start of each fiscal year, the City will calculate the average total compensation in the six jurisdictions, and will grant wage increases equal to a portion of the difference between the average and San Francisco's total compensation. The components of total compensation in the wage survey are; base salary, longevity pay, educational incentives, employer retirement contributions, health benefits, uniform allowance, and terrorism pay.

The Schedule of Wage Increases

An increasing proportion of the difference between average total compensation in the survey cities and in San Francisco will be granted over the final three years of the contract. In FY 2004-2005, employees will receive a wage increase equal to 60% of the difference. In FY 2006-2006, the increase will be 80% of the

difference, and in FY 2006-2007, the wage increase will 100% of the difference. In each year, one-third of the increase will be effective July 1 and two-thirds will be effective on or around January 15.

The Cost of Wage Increases

Contracts are currently either expired or under negotiation in three of the six survey jurisdictions, so base salary figures are known for only three, and total compensation is not known for any. Attachment A is a table showing a range of cost increases, from the status quo—assuming that base wages, where unknown, stay at current levels in the survey jurisdictions, to a 4% increase—assuming base wages, where unknown, increase by 4% annually (a level that seems likely given experience and economic conditions). Under these assumptions, wage increases would range between 2.6% and 6.1% of salary each year, with an added cost of between \$5.1 million and \$12.2 million each year, depending on the survey results. Please see Attachment A for detailed figures.

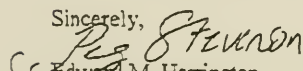
Other Provisions in the MOU

- A 1% terrorism training pay increase is provided for all employees beginning July 1, 2004. If Federal Homeland Security grants can cover the cost, the premium will be excluded from the City's total compensation figure in FY 2004-2005 only. Given our current understanding of these grants it is unlikely that Federal funding will be secured and we have therefore included the premium in the total compensation calculations.
- Effective July 1, 2004, employees will receive a new uniform allowance of \$750 per year.
- An increase in the number of sick leave hours that can be cashed out annually from 50 to 100 hours will increase costs approximately \$1.2 million in FY 2003-2004, but may decrease overtime costs.
- Reducing the service requirement for retention pay from 25 to 23 years, effective July 1, 2004, will result in increased costs of in the range of \$665,000 to \$670,000 in FY 2004-2005.
- Several provisions seeking to reduce compensatory time off (CTO) balances in the Police Department will lead to near-term cost increases, however the cost will be offset in future years as fewer CTO hours will be accumulated and paid out. The MOU also establishes a cap of 480 on the number of CTO hours employees may accumulate which may result in more overtime during the term of the MOU, but will also reduce long-term payout costs. Finally, the MOU includes new language that will reduce both overtime costs and CTO balances by granting four hours, or the actual number of hours worked, in pay or CTO to employees called in from their normal watch off. Employees are currently compensated for a full 10-hour shift when they are called in regardless of how many hours they work.

The cost of continuing existing dependent health and dental benefits provided under the MOU is approximately \$610,000 in FY 2003-2004 and \$1.4 million in FY 2004-2005.

If you have additional questions or concerns please contact me at 554-7500 or Peg Stevenson of my staff at 554-7522.

Sincerely,


for Edward M. Harrington
Controller

cc: Alice Villagomez, ERD
Harvey Rose, Budget Analyst

Attachment A
San Francisco Police Officer's Association
Estimated Costs/(Savings) FY 2003-2004 through FY 2006-2007
Controller's Office

Note: For the three fiscal years in which the salary survey method of setting wage increases will be in effect, we are providing a range of cost estimates.

The column labeled "Status Quo" shows expected cost increases assuming base wages remain at their current levels in those jurisdictions where they are currently unknown.
The column labeled "4%" shows expected cost increases assuming base wages increase by an average of 4% per year in those jurisdictions where they are currently unknown.

	FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2006-2007
	Status Quo	4%	Status Quo	4%
Annual Costs/(Savings)				
Premiums and Benefits				
Wage increases set by survey effective July 1, 2004	0%	3.6%	4.1%	2.8%
Percent Wage Increase	\$0	\$7,825,344	\$10,805,400	\$12,194,280
Cost of Increase	(\$14,192,503)	(\$504,687)	(\$608,267)	(\$401,834)
Eliminate City contribution of 7.5% retirement pick-up				
Reduce eligibility requirement for retention premium	\$0	\$864,651	\$27,500	\$43,217
Increase in number of sick pay hours employees may cash out annually	\$1,175,275	\$41,791	\$50,772	\$32,178
Changes in Field Officer Training Pay	\$109,689	\$3,900	\$4,701	\$3,003
Wage-Related Fringe Increases/(Decreases)	\$1,927	\$10,725	\$11,766	\$7,771
Total Estimated Incremental Costs/(Savings)	(\$12,905,612)	\$6,656,064	\$7,247,701	\$11,383,465
Annual Amount Above/(Below) 2002-2003				
Cumulative Total Above/(Below) 2002-2003 Provisions	(\$12,905,612)	(\$6,249,547)	\$998,154	\$5,784,932
Incremental Cost % of 2002-2003 Total Pay & Benefits	-5.5%	2.8%	3.1%	2.0%
				4.9%



Andrea R. Gourdine, Human Resources Director

August 20, 2003

Harvey Rose
Office of the Budget Analyst
San Francisco Board of Supervisors
1390 Market St, Fox Plaza
San Francisco, CA 94102

RE: POA Comparability Formula

Dear Mr. Rose:

Your office requested an explanation of how the parties arrived at the jurisdictions and comparability criteria to be used with the POA in the salary survey set forth in Article III, Section 1 of the MOU.

Background

The Triad of Compensation Objectives

Compensation programs are essential to the achievement of three key organizational objectives, including

- Recruitment of qualified staff
- Retention of experienced staff
- Reward of exceptional performance

These three components form a triad of strategic compensation objectives.

A strong recruitment and staffing effort is, in large part, reliant on a competitive compensation program in order to attract the best possible talent.

Retention of highly qualified personnel relies upon offering a compensation plan that is on pace with the local cost of living, competitive with other nearby employers, and that offers opportunities for career advancement.

Special financial rewards can be utilized to incentivize and recognize outstanding performance that significantly advances organizational goals. Comparability surveys are utilized extensively in both the public and private sector to evaluate an employers compensation and related employment practices compared to similar organizations in the relevant labor market.

Conducting Surveys

Regular comparability surveys, whether to actually set compensation or simply to inform the collective bargaining and compensation management processes, are essential in order to determine whether the surveying employer is achieving its pay policy, and to identify any areas in which adjustments are warranted. Comparability surveys are the principal strategy to produce the objective and verifiable information that describe one employer's compensation practices compared to other employers.

Typically, comparability surveys are based upon two key sets of assumptions, including

1. definition of the relevant market, and
2. definition of the survey data points

Relevant Market

The first step in identifying a universe of comparable employers involves the identification of a survey region or area. Ideally, the survey area should include the nearby or, in the absence of sufficient number of comparable local employers, similar economic regions. The survey employers should consist of organizations that provide similar services, and exhibit other similar organizational characteristics.

Data points

Data points are the numerical or quantifiable characteristics, typically including major elements of compensation that are common to the largest group of employees in the survey unit or class.

The most common data points involve cash compensation. Cash compensation typically includes the components of salary that are reflected in employee paychecks, either as direct payment or as payment on behalf of employees. In this area there are typically four major elements, including

- Base wages, or the salary, usually reported at maximum, which is paid to all employees in the survey class. This can be reported as hourly, monthly or annual.

- Supplements, or monies paid in addition to regular wages such as pay for uniforms and experience.
- Incentives, or monies paid to reward the achievement of additional job related training, such as college coursework.
- Payments on behalf of the employee, such as the pickup of mandatory employee retirement contributions and payment for benefits such as health insurance.

Jurisdictions Selected by the Parties

At the outset, it should be noted that there is no precise formula which governs the selection of survey employers for purposes of comparability studies. In a collective bargaining environment the final selection is often the result of both objective analysis and collective bargaining strategies and objectives. The selection of survey employers is often the central issue in dispute in interest arbitrations.

The first consideration in the selection of comparable agencies is generally the geographical definition of the market. Historically, San Francisco has utilized the State of California as the greater or macro-market and the Bay Area as the more precise or micro-market. In fact, the Charter mandates surveys of the police salaries in the states largest cities as part of retirement calculations for Police Officers. Consequently, this survey includes a combination of both state and Bay Area employers.

The second consideration in the selection of comparable agencies is generally the size of population served. San Francisco is one of the five largest cities in the State of California, and the second largest city in the San Jose/San Francisco/Oakland Comprehensive Metropolitan Statistical Area San Jose/San Francisco/Oakland (CMSA).

The San Jose/San Francisco/Oakland (CMSA) is a federally defined (see Office of Management and Budget definitions of Metropolitan Statistical Areas) integrated economic area. The San Jose/San Francisco/Oakland CMSA includes ten (10) Bay Area counties which are closely linked by common economic characteristics and commuting patterns, and incidentally, within which virtually all city employees reside.

Consequently, the POA survey cities include the largest city in the state, Los Angeles, and four of the five largest cities in the San Jose/San Francisco/Oakland CMSA – San Jose, Oakland, Santa Rosa, and Fremont. San Jose is the third largest city in the state.

All of the agencies that will be surveyed are police departments responsible for all public safety functions in larger (100,000+) municipalities. The survey

excludes Sheriffs Departments, which would include correctional and custodial functions, and special safety districts, State or federal public safety agencies, which often operate outside of collective bargaining or under substantially different government organizations and funding sources.

Finally, the city of Richmond, which is in the San Jose/San Francisco/Oakland CMSA, but which is not one of the largest cities by population, has been included to reflect a municipality with a substantial diversity of population and public safety challenges, and with a relatively high rate of crime. As most mid-sized cities tend to be more suburban in character, with less diversity of population and lower rates of crime and poverty, it is considered essential to include a city which more closely parallel the urban law enforcement environment found in San Francisco.

Comparability Data Points Selected by the Parties

The survey of data points provides objective and verifiable comparative information about the compensation and employment practices of surveyed employers. Virtually all surveys report data at the maximum level available to all employees, as there is no simple and reliable way to reduce various data point categories to actual levels, which are dynamic in any case. The POA formula will also utilize the maximum value of each data point surveyed.

The first and most common data point included in the POA survey is base salary. This is the level of compensation available to employees in the survey class. Base salary constitutes more than half of employer labor costs. This survey will consider the maximum rate of the base salary, typically paid after three to five years of service in the survey class.

Second, the survey will consider the maximum premium amount paid to employees who have achieved the advanced POST (Peace Officers Standards and Training) certification. All full peace officers must possess at least basic POST certification. These premiums, paid by virtually all departments, are provided to employees who continue their training to the advanced skill level.

Third, the survey will consider any premium paid for length of service or longevity. Many departments recognize the added value of more senior officers. Therefore, like San Francisco, they provide added compensation to retain these individuals, particularly as they reach retirement qualified age.

Fourth, most departments provide stipends for uniforms. Again, this is a common industry practice which impacts total compensation.

Next, many departments pay the mandatory employee retirement contribution on behalf of their employees. This is generally paid as an offset to other economic benefits and is typically included in comparability surveys.

Finally, as employment contributions toward health care premiums are universally provided, increasingly costly and have become the subject of wide discussion because of their increasing expense and importance to employees, we have included the maximum available employer contribution for this benefit as a data point.

I trust that the information meets your needs. Please feel free to contact me if you need further explanation.

Sincerely,

Geoffrey L Rothman, Director
Employee Relations

Item 12 - File 03-1400

Department: Department of Human Resources (DHR)

Item: Ordinance adopting and implementing Amendment No. 1 to the Memorandum of Understanding between the City and County of San Francisco and the International Brotherhood of Electrical Workers, Local 6, by adding paragraph 149a, which provides for a three percent premium pay to certain classes providing signal operations at the Department of Parking and Traffic, which was inadvertently omitted from the MOU, to be effective July 1, 2003 through June 30, 2005.

Description: The proposed ordinance would approve Amendment No. 1 to an existing two-year Memorandum of Understanding (MOU), for the two year period from July 1, 2003 through June 30, 2005, between the International Brotherhood of Electrical Workers, Local No. 6 and the City and County of San Francisco. The existing MOU with Local 6 was adopted by the Board of Supervisors on May 20, 2003 (File No. 03-0724), and covers 43 classifications, listed in Attachment I provided by DHR, comprising a total of 786.5 Full Time Equivalent (FTE) positions. Local No. 6 represents employees in the following City departments: Administrative Services, the Airport, Asian Arts Museum, Department of Building Inspection (DBI), Clean Water, Hetch Hetchy, Department of Parking and Traffic (DPT), Department of Public Health (DPH), the Public Library, Department of Public Works (DPW), the Port, Recreation and Park Department (RPD), Sheriff's Department, Department of Telecommunications and Information Services (DTIS), Water Department, and the War Memorial.

The proposed amendment would provide a new three percent premium pay to employees in certain classifications within the Department of Parking and Traffic that perform signal operations. Signal operations are the set-up and repair of the electronics of traffic signals. According to Ms. Alice Villagomez of the DHR, the three percent premium pay was provided for the purpose of assisting the DPT in recruiting and retaining employees that perform signal operations since such duties require working in an outside environment and require an increased level of technological skills. Ms. Villagomez reports that out of the 43 classifications listed in

July 30, 2003 Finance and Audit Committee Meeting

Attachment I, the proposed amendment would provide premium pay to 19 positions having the following three classifications: 7345 Electrician, 7238 Electrician Supervisor I, and 7276 Electrician Supervisor II. According to Ms. Villagomez, the provision providing for the three percent premium pay was inadvertently omitted from the MOU, due to a clerical error, when the subject MOU was previously submitted to the Board of Supervisors.

Comments:

1. Ms. Villagomez reports that the proposed amendment would provide the three percent premium to the applicable positions retroactive to July 1, 2003 upon approval by the Board of Supervisors and the Mayor.
2. As shown in Attachment II provided by the Controller's Office, the Controller's Office reports that the estimated cost of the subject amendment, would be \$36,013 in FY 2003-2004 as compared to FY 2002-2003 costs, and that the cumulative total costs for FY 2003-2004 and FY 2004-2005 is \$72,026 as compared to FY 2002-2003 costs.

Recommendation: Approve the proposed ordinance.

Level Chart FY 2003-2004

Budgeted Position Counts by Employee Group and Jobcode

006 Electrical Workers, Local 6

JobCode and Title	BargUnit	Barg Sub Unit	FTE
6248 Electrical Inspector	01	L	
		AIR Airport Commission	1.00
		DBI Building Inspection	21.00
		Jobcode Total	22.00
6249 Senior Electrical Inspector	01	L	
		DBI Building Inspection	4.00
		Jobcode Total	4.00
6250 Chief Electrical Inspector	01	L	
		DBI Building Inspection	1.00
		Jobcode Total	1.00
6252 Line Inspector	01	L	
		DPT Municipal Railway	1.00
		HHP Hetch Hetchy	1.00
		Jobcode Total	2.00
7216 Electrical Trnst Shop Sprv 1	01	L	
		DPT Municipal Railway	7.00
		Jobcode Total	7.00
7229 Transmission Line Supervisor 1	01	L	
		HHP Hetch Hetchy	3.00
		Jobcode Total	3.00
7235 Transit Power Line Sprv1	01	L	
		DPT Municipal Railway	9.00
		Jobcode Total	9.00
7238 Electrician Supervisor 1	01	L	
		AIR Airport Commission	3.00
		CWP Clean Water	2.00
		DPT Municipal Railway	1.00
		DPW Department Of Public Works	2.00
		PRT Port	1.00
		PTC Parking And Traffic Commission	3.00
		REC Recreation And Park Commission	1.00
		WTR Water Department	2.00
		Jobcode Total	15.00
7244 Power Plant Supervisor 1	01	L	
		DPT Municipal Railway	1.00
		Jobcode Total	1.00
7253 Electrical Trnst Mech Sprv 1	01	L	
		DPT Municipal Railway	7.00
		Jobcode Total	7.00
7255 Power House Electrician Sprv 1	01	L	
		DPT Municipal Railway	1.00
		HHP Hetch Hetchy	1.00
		Jobcode Total	2.00
7256 Electric Motor Repair Sprv 1	01	L	
		DPT Municipal Railway	1.00
		Jobcode Total	1.00
7257 Communication Line Sprv1	01	L	
		TIS Telecom and Info Services	2.00
		Jobcode Total	2.00

Level Chart FY 2003-2004
Budgeted Position Counts by Employee Group and Jobcode

006 Electrical Workers, Local 6

JobCode and Title	BargUnit	Barg Sub Unit	FTE
7273 Communications Line/Wrk Sprv 2	01	L	
		TIS Telecom and Info Services	2.00
		Jobcode Total	2.00
7274 Trnst Power Line Wrk Sprv 2	01	L	
		DPT Municipal Railway	1.00
		Jobcode Total	1.00
7275 Telecommunications Tech Supv	01	L	
		TIS Telecom and Info Services	2.00
		Jobcode Total	2.00
7276 Electrician Supervisor 2	01	L	
		CWP Clean Water	1.00
		DPW Department Of Public Works	1.00
		PTC Parking And Traffic Commission	1.00
		WTR Water Department	0.75
		Jobcode Total	3.75
7279 Power House Electrician Sprv 2	01	L	
		DPT Municipal Railway	1.00
		Jobcode Total	1.00
7285 Transmission Line Wrk Sprv 2	01	L	
		HHP Hetch Hetchy	1.00
		Jobcode Total	1.00
7287 Sprv Electronic Main Tech	01	L	
		AIR Airport Commission	1.00
		DPT Municipal Railway	3.00
		HHP Hetch Hetchy	1.00
		WTR Water Department	1.00
		Jobcode Total	6.00
7308 Cable Splicer	01	L	
		AIR Airport Commission	3.00
		TIS Telecom and Info Services	15.00
		Jobcode Total	18.00
7318 Electronic Maintenance Tech	01	L	
		AIR Airport Commission	16.00
		DPT Municipal Railway	100.00
		HHP Hetch Hetchy	10.75
		PUC Public Utilities Commission	0.75
		WTR Water Department	11.00
		Jobcode Total	138.50
7319 Electric Motor Repairer	01	L	
		DPT Municipal Railway	13.00
		DPW Department Of Public Works	2.00
		Jobcode Total	15.00
7329 Electr Maint Tech Asst Sprv	01	L	
		DPT Municipal Railway	17.00
		HHP Hetch Hetchy	1.00
		WTR Water Department	1.00
		Jobcode Total	19.00
7338 Electrical Line Worker	01	L	
		DPT Municipal Railway	26.00
		HHP Hetch Hetchy	11.00
		TIS Telecom and Info Services	10.00

Budgeted Position Counts by Employee Group and Jobcode

006 Electrical Workers, Local 6

JobCode and Title	BargUnit	Barg Sub Unit	Jobcode Total	FTE
				47.00
7345 Electrician	01	L		
		AAM Asian Arts Museum		1.00
		ADM Administrative Services		1.00
		AIR Airport Commission		16.00
		CWP Clean Water		12.00
		DPH Public Health		5.00
		DPT Municipal Railway		6.00
		DPW Department Of Public Works		16.00
		HHP Hetch Hetchy		5.75
		LIB Public Library		1.00
		PRT Port		4.00
		PTC Parking And Traffic Commission		15.00
		REC Recreation And Park Commission		7.00
		SHF Sheriff		1.00
		WAR War Memorial		1.00
		WTR Water Department		9.50
		Jobcode Total		101.25
7364 Power House Operator	01	L		
		DPT Municipal Railway		5.00
		Jobcode Total		5.00
7365 Senior Power House Operator	01	L		
		DPT Municipal Railway		6.00
		Jobcode Total		6.00
7371 Electrical Transit System Mech	01	L		
		DPT Municipal Railway		213.00
		Jobcode Total		213.00
7380 Electrl Trnst Mech, Asst Sprv	01	L		
		DPT Municipal Railway		21.00
		Jobcode Total		21.00
7390 Welder	01	L		
		DPT Municipal Railway		12.00
		Jobcode Total		12.00
7408 Assistant Power House Operator	01	L		
		DPT Municipal Railway		2.00
		Jobcode Total		2.00
7430 Asst Electronic Main Tech	01	L		
		DPT Municipal Railway		20.00
		TIS Telecom and Info Services		1.00
		Jobcode Total		21.00
7432 Electrical Line Helper	01	L		
		DPT Municipal Railway		3.00
		HHP Hetch Hetchy		5.00
		PTC Parking And Traffic Commission		2.00
		TIS Telecom and Info Services		6.00
		Jobcode Total		16.00
7482 Power Generation Technician 2	01	L		
		HHP Hetch Hetchy		14.00
		Jobcode Total		14.00
7484 Sr Power Generation Tech	01	L		
		HHP Hetch Hetchy		6.00

Level Chart FY 2003-2004
Budgeted Position Counts by Employee Group and Jobcode

Page 4 of 4

006 Electrical Workers, Local 6

JobCode and Title	BargUnit	Barg Sub Unit	FTE
		Jobcode Total	6.00
7488 Power Generation Supervisor	01	L HHP Hetch Hetchy	2.00
		Jobcode Total	2.00
7510 Lighting Fixture Maint Worker	01	L	
		AIR Airport Commission	7.00
		CWP Clean Water	1.00
		DPH Public Health	1.00
		DPT Municipal Railway	2.00
		DPW Department Of Public Works	2.00
		REC Recreation And Park Commission	1.00
		Jobcode Total	14.00
9240 Airport Electrician	01	L	
		AIR Airport Commission	15.00
		Jobcode Total	15.00
9241 Airport Electrician Supervisor	01	L	
		AIR Airport Commission	2.00
		Jobcode Total	2.00
9242 Head Airport Electrician	01	L	
		AIR Airport Commission	1.00
		Jobcode Total	1.00
9354 Elevator and Crane Technician	01	L	
		PRT Port	4.00
		Jobcode Total	4.00
9358 Crane Mechanic Supervisor	01	L	
		PRT Port	1.00
		Jobcode Total	1.00
		Employee Group Total	786.50



OFFICE OF THE CONTROLLER

Ed Harrington
ControllerMonique Zmuda
Deputy Controller

August 27, 2003

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: File Number 031400
Amendment to Memorandum of Understanding (MOU) with Electricians Local 6

Dear Ms. Young,

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the MOU between the City and County of San Francisco and Electrical Workers Local 6 for those employees in city departments other than the Municipal Transportation Authority. The amendment covers the period July 1, 2003 through June 30, 2005, and affects 340 authorized positions with a salary base of approximately \$22.7 million and a total pay and benefits base of approximately \$27.4 million.

The amendment corrects an omission in the MOU by inserting language providing a new 3% premium for employees in the Department of Parking and Traffic who perform signal operations. We estimate this provision will increase costs by approximately \$36,000 in FY 2003-2004, or approximately 0.1% above the overall pay and benefits base. Please see Attachment A for specific estimates.

If you have additional questions or concerns please contact me at 554-7500 or Peg Stevenson of my staff at 554-7522.

Sincerely,

for

Edward M. Harrington
Controller

cc: Alice Villagomez, ERD
v Harvey Rose, Budget Analyst

Attachment A
Electricians Local 6 (non service critical Muni employees)
Estimated Costs/(Savings) FY 2003-2004 and FY 2004-2005
Controller's Office

<u>Annual Costs/(Savings)</u>	<u>FY 2003-2004</u>	<u>FY 2004-2005</u>
Premiums and Benefits		
Signal operation premium	\$33,891	\$0
Wage-Related Fringe Increases/(Decreases)	<u>\$2,122</u>	<u>\$0</u>
Total Estimated Incremental Costs/(Savings)	<u>\$36,013</u>	<u>\$0</u>
Annual Amount Above/(Below) 2002-2003	\$36,013	\$36,013
Cumulative Total Above/(Below) 2002-2003 Provisions		\$72,026
Incremental Cost % of 2002-2003 Total Pay & Benefits	0.1%	0.0%

Item 13 – File 03-1348

Department: Department of Children, Youth and Their Families (DCYF)

Item: Hearing to request release of reserved funds for the Department of Children, Youth and Their Families in the amount of \$37,500.

Amount: \$37,500

Source of Funds: Children's Fund. In the FY 2003-2004 budget, \$20,247,273 was appropriated by the Board of Supervisors from the Children's Fund for grants to community-based organizations. Of this appropriated amount, \$37,500 was placed on reserve by the Board of Supervisors.

Description: In the FY 2003-2004 budget, the Board of Supervisors placed on reserve \$37,500 of the \$20,247,273 appropriated to the DCYF for grants to community-based organizations, pending the submission of programmatic and budget details by DCYF to the Board of Supervisors for the Community Resource and Referral Program, operated by the San Francisco Neighbors Resource Center, a nonprofit agency. The \$37,500 in reserved funds represent nine-months or 75 percent of the total FY 2003-2004 grant allocation of \$50,000. The Community Resource and Referral Program operated by the San Francisco Neighbors Resource Center provides information and referral services to primarily Chinese and Vietnamese families, with limited English fluency, that reside in the Sunset District of San Francisco. According to Mr. Ken Bukowski of the DCYF, the Community Resource and Referral Program offers telephone and walk-in information and referral services to families in need of services such as after-school programs, child care, academic tutoring, and family support. Attachment I, provided by Mr. Bukowski, is a memorandum describing the San Francisco Neighbors Resource Center's Community Resource and Referral Program.

- Budget:** Attachment I includes a budget showing how the total grant allocation of \$50,000 will be expended.
- Comment:** Attachment II provided by Mr. Bukowski describes the selection process pertaining to the \$50,000 allocation for the San Francisco Resource Center.
- Recommendation:** Approve the requested release of reserved funds in the amount of \$37,500.



DATE: September 10, 2003
 TO: Leanne Nhan, Budget Analyst's Office
 FROM: Ken Bukowski, Assistant Director – Budget & Administration
 SUBJECT: Item 03-1348: Overview of San Francisco Neighbors Resource Center's Community Resource and Referral Program

Pursuant to your request, the Department of Children, Youth and Their Families (DCYF) hereby submits this memorandum in support of its request to release reserved funds in the amount of \$37,500 to provide nine months of funding for the San Francisco Neighbors Resource Center's Community Resource and Referral Program. Specifically, you requested additional information about the program, an explanation of the number of families being served by the program and the cost per family served.

The Community Resource and Referral Program provides information and referral services to families who reside in the Sunset District. The majority of the program's clients are Chinese and Vietnamese families with limited English fluency. The program consists of two primary components: information/referral and community outreach.

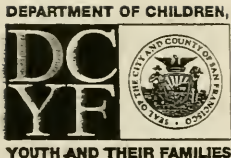
Families call the phone line or come into the program's office to find out about services that meet their family's needs, such as after-school programs, child care, academic tutoring and family support. The program coordinator who answers the phone line and meets with clients also maintains and updates a database of public and private organizations that provide services for children, youth and their families, with the goal of increasing families' capacity to effectively utilize resources and services. The program coordinator ensures the information and referral database is continuously updated by conducting outreach in the community to learn about available services and by participating in community fairs to gather information and make others aware of the program's referral services.

San Francisco Neighbors Resource Center was awarded a two-year grant as part of the DCYF's 2002-04 Request for Proposals process conducted in early 2002. The grant agreement covers the period of July 1, 2002 – June 30, 2004 and specifies that the grantee will receive \$50,000 each fiscal year to provide information and referral services to 150 families who reside in the Sunset District. As part of the 2003-04 budget process, \$37,500 of the 2003-04 grant award (nine months of the program's operating budget) was put on reserve. The budget for the twelve-month grant period is as follows:

36,000	Program Coordinator Salary - The program coordinator is a full-time (40 hours per week) position responsible for answering the information and referral line, as well as conducting outreach in the community to continuously update the referral database.
4,410	Program Coordinator Fringe
900	Printing - Estimated printing costs for flyers, business cards and marketing literature.
2,400	Program Expenses - Cost of radio advertisement spot placement at \$200 per month.
<u>6,290</u>	Administrative - Administrative expenses consisting of bookkeeping and tax preparation (\$2,250), insurance (\$2,000), janitorial service (\$1,200), telephone (\$480) and utilities (\$360).
\$50,000	Total 2003-04 Grant Award

The program served 197 families during FY 2002-03, exceeding its contract objectives. The reported number of families served by the program does not include families that are reached through community events and other outreach activities.

Based on the number of families served through the program's telephone-based information and referral services during FY 2002-03, the cost per family served was \$254. It is difficult to compare the cost per family served through this program to the cost of other information and referral services since the DCYF contract pays for the entire cost of the Community Resource and Referral Program, while other DCYF information and referral service grants pay for only a portion of a program's total cost. Thus, the actual cost per family served of other information and referral services are likely similar to the cost noted for the program operated by San Francisco Neighbors Resource Center.



Willie L. Brown, Jr.

Mayor

Brenda Lopez

Director

DATE: September 10, 2003
TO: Leanne Nhan, Budget Analyst's Office
FROM: Ken Bukowski, Assistant Director – Budget & Administration
SUBJECT: Item 03-1348: Selection Process for San Francisco Neighbors Resource Center's Community Resource and Referral Program Grant Award

Pursuant to your request, the Department of Children, Youth and Their Families (DCYF) hereby submits this memorandum that briefly outlines the selection process used to make the grant award to San Francisco Neighbors Resource Center's Community Resource and Referral Program.

As noted in the prior memo, San Francisco Neighbors Resource Center was awarded a two-year grant as part of the DCYF's 2002-04 Request for Proposals (RFP) process conducted in early 2002. The DCYF released an RFP on February 5, 2002 for community-based programs serving children, youth and their families in San Francisco. The DCYF received approximately 200 proposals in March 2002 in response to the RFP. RFP proposal review panels made up of external readers, including members of the Children's Fund Citizens' Advisory Committee, were established to review and score all of the proposals. DCYF staff also read and scored all proposals.

After the external and internal review process was completed, DCYF staff conducted another review of the target populations and neighborhoods served by the highest ranked proposals before making final funding decisions. The final award decisions, including the award to San Francisco Neighbors Resource Center, were made in May 2002. The grant agreement negotiated with the San Francisco Neighbors Resource Center was for \$50,000 per fiscal year to provide information and referral services to 150 families who reside in the Sunset District for the period of July 1, 2002 – June 30, 2004

Item 15- File 03-1395

Department: Department of Elections (DOE)

Item: Ordinance appropriating \$3,520,300 from the General Fund Reserve and reappropriating \$150,000 of permanent salaries for a total of \$3,670,300 for temporary salaries, overtime, fringe benefits, non personal services, materials and supplies and services of other departments associated with the October 2003 Special Statewide recall election.

**Amount and Source
Of Funds:**

\$3,520,300	General Fund Reserve
<u>150,000</u>	Reappropriated Permanent Salaries
\$3,670,300	Total

Budget:

Temporary Salaries, Misc.	\$1,050,000
Premium Pay	5,000
Overtime	150,000
Other Fees	442,100
Professional & Specialized Services	125,000
Maintenance Services - Equipment	8,000
Rents/Leases - Buildings & Structures	12,500
Rents/Leases - Equipment	88,700
Other Current Expenses	759,000
Materials & Supplies	770,500
Other Materials & Supplies	18,000
Services of Other Departments:	
Administrative Services	16,500
DTIS	10,000
Telephone	10,000
Central Shops	3,000
Parking & Traffic	30,000
Purchasing, Mail	20,000
Purchasing, Reproduction	25,000
Sheriff	117,000
Public Works	<u>10,000</u>
Total	\$3,670,300

Description:

The proposed supplemental appropriation request would be used to fund the costs of the October 7, 2003 Special election regarding the question of the recall of the Governor of California, the list of

replacement candidates and two State-wide measures.

Comments:

1. In recent elections, between 620 to 643 precincts have been available on election days where San Francisco residents can vote. Due to reprecincting that was completed during the Summer of 2003, based on the 2000 census data, the Department of Elections now has 562 election precincts in San Francisco, which is 58 to 81, or approximately 9 to 12 percent fewer precincts than previously available where San Francisco residents can vote on election days. Mr. John Arntz of the Department of Elections advises that State law provides that no more than 1,000 voters may be assigned to any one precinct. The proposed 562 precincts would have an average of approximately 800 voters per precinct, according to Mr. Arntz. In addition, Mr. Arntz advises that the proposed 562 precincts have not been consolidated for the purpose of the subject recall election, but rather are because of the results of the population data from the 2000 Census.

2. The proposed supplemental appropriation includes \$150,000 of Permanent Salary funds to be reappropriated from the FY 2003-03 budget of the Department of Elections. A preliminary review of the Department of Elections FY 2003-2004 spending patterns, as of August 15, 2003, indicate that, similar to previous year's expenditure patterns, the Department is underspending Permanent Salaries and significantly overspending Temporary Salaries. According to the FY 2003-2004 Annual Salary Ordinance, the Department of Elections has 29.25 FTE Permanent Salary positions and 28.87 Temporary Salary positions, for a total of 58.12 FTEs. However, according to Ms. Suzanne Berg of the Department of Elections, there are currently 12 FTE permanent positions filled, or 41 percent of the total 29.25 FTEs budgeted in the Department, with the balance of 17.25 FTE permanent positions currently vacant, resulting in a 59 percent vacancy factor.

3. The Department of Elections did not provide the Budget Analyst with most of the details for the requested \$3,670,300 supplemental appropriation until the day before this Budget Analyst's report was issued, leaving insufficient time for a detailed examination of all the required expenditures proposed by the Department. However, overall, the Budget Analyst notes that, although there are 135 replacement candidates for Governor, the October 7, 2003 recall election (1) will have voters address only the recall issue, the candidates for Governor and two Statewide measures, (2) will only require one ballot card rather than two to three ballot cards which the Department has required in previous elections, and (3) due to reprecincting during the Summer of 2003, there will be approximately 9 to 12 percent fewer precincts to open and staff. In this regard, the proposed October 7, 2003 election appears smaller and more similar to Citywide run-off elections than the multiple candidates and issues and longer and more complicated ballots and materials associated with Citywide General Elections. A review of run-off elections over the past few years indicates that Citywide runoff elections have cost approximately \$2.0 to \$3.0 million per election over the past few years. In response, Mr. Arntz provided Attachment I, a memorandum which summarizes the reasons why the October 7, 2003 Statewide Special Election will be more costly than a run-off election.

4. Attachment II, provided by the Department of Elections, identifies a current revised budget request of \$3,503,113, or \$167,187 less than the requested supplemental appropriation request.

In addition, in response to the Budget Analyst's inquiries, the Department provided a detailed schedule of Vehicle Needs for the October 7, 2003 Election, which is contained in Attachment III. As shown in Attachment III, the Department of Elections currently estimates a total cost of \$34,870 for 192 rented vehicles, which is \$15,130 less than the \$50,000 for vehicle rental costs in the

Department's revised budget contained in Attachment II.

Based on follow-up discussions with Ms. Suzanne Berg of the Department of Elections, the Budget Analyst also notes that the initial estimated \$150,000 cost for the Voter Information Pamphlet (VIP) postage is likely to be approximately \$90,000 based on more recent bulk mailing costs, or a reduction of \$60,000 from the Department's revised budget contained in Attachment II.

Ms. Berg also advises that the \$100,000 included under Materials and Supplies for Other office supplies/precinct supplies could be reduced to \$60,000, a savings of \$40,000, since some of these supplies are already included in the Department's FY 2003-2004 budget. In addition, the \$2,000 included under Materials and Supplies for Lumber should be eliminated since funds were previously provided for these items in the Department's FY 2003-2004 budget.

The Budget Analyst also notes that a lighting expense of \$3,000 is double budgeted under both Equipment Rental and Materials and Supplies in the Department's revised budget contained in Attachment II, such that one of these \$3,000 expenses can be eliminated.

Therefore, the requested supplemental appropriation of \$3,670,300 should be reduced by \$287,317 (\$167,187 plus \$15,130 plus \$60,000 plus \$40,000 plus \$2,000 plus \$3,000) to \$3,382,983. All of these reductions should be deleted from the General Fund Reserve.

5. One of the areas that the Budget Analyst did not have sufficient time to undertake a more detailed examination of the requested expenditures is for the Sheriff's security expenditures budgeted under Work Orders for other Departments. The proposed supplemental appropriation identifies \$117,000 of such Sheriff's Department expenditures. The detailed expenditures provided by the Department

of Elections, contained in Attachment IV, identifies Sheriff expenditures to be charged to the Department of Elections of \$118,905 and Sheriff expenditures to be absorbed by the Sheriff's Department of \$63,481 for a total Sheriff's security cost of \$182,386 for the Special Recall Election on October 7, 2003.

Although the assignment of Sheriff's Department staff to elections day security activities is required in accordance with Proposition G, approved by San Francisco's voters in November of 2002, Proposition G states that "The Sheriff shall be responsible for transporting all voted ballots and all other documents or devices used to record votes from the polls to the central counting location and approving a security plan for the ballots until the certification of election results." The Budget Analyst notes that the proposed Sheriff's security plan for the Special Recall Election on October 7, 2003 appears to provide significantly more security than required by Proposition G. For example, the Sheriff's Department proposes to provide security for the Department of Elections equipment and vehicles at Pier 30/32 from October 6 through October 8, 2003 and to fully staff the Sheriff's Command Post.

Furthermore, the Budget Analyst notes that this issue of the level of security required by the Department of Elections has been a continuing issue raised by the Department of Elections, the Budget Analyst's Office and the Mayor's Office. In order to more accurately and thoroughly assess the required level of Sheriff's Department security needed for elections, the Budget Analyst recommends that an independent special study be undertaken by the Legislative Analyst, the Controller and/or the Budget Analyst during the October, November and potentially December of 2003 elections, to determine the need and associated costs for the Sheriff's Department to provide such services to the Department of Elections.

6. As provided for under Charter Section 13.104.5, on August 19, 2003, the Board of Supervisors approved a motion (File 03-1330) waiving the prohibition imposed by Charter Section 13.104.5 to permit City employees to assist the Department of Elections with the October 7, 2003 recall election, as well as the November 4, 2003, December 9, 2003 potential Mayoral runoff election and the March 2, 2004 Presidential Primary Election. The Budget Analyst notes that the subject supplemental appropriation was submitted by the Mayor's Office to the Board of Supervisors on August 8, 2003, which is prior to the August 19, 2003 Board of Supervisors approval of the previously authorized waiver, such that the proposed supplemental appropriation does not anticipate that City employees would be used instead of outside hired pollworkers, Field Election Deputies (FEDs) or other temporary employees for the recall election. Therefore, the proposed supplemental appropriation does not contain offsetting reductions in the costs to account for the use of City employees instead of outside hired staff. According to Mr. Arntz, the costs for City employees to assist the Department of Elections would be the responsibility of the providing City department and would not be paid by the Department of Elections. Although Ms. Berg advises that 20 City employees have thus far offered to assist the Department of Elections for the October 7, 2003 Special recall election, the Department of Elections cannot estimate the number of City employees that may actually assist the Department of Elections, and therefore cannot estimate the corresponding amount of Pollworker Fees and Training or Temporary Salary funds that would not be required under this supplemental appropriation request.

7. The Budget Analyst notes that the Department of Elections has already incurred some of the expenses in the requested supplemental appropriation. The Budget Analyst also notes that the requested supplemental appropriation is not likely to be finally approved by the Board of Supervisors and the Mayor until after the October

BOARD OF SUPERVISORS

BUDGET ANALYST

7, 2003 Special recall election. Therefore, the Department of Elections will have expended most of the requested expenditures, such that the proposed supplemental appropriation should be amended to provide for retroactive approval.

Recommendations:

1. Amend the proposed supplemental appropriation to provide for retroactive approval in accordance with Comment No. 7 above.
2. Amend the proposed ordinance to reduce the requested supplemental appropriation of \$3,670,300 by \$287,317 to \$3,382,983, as detailed in Comment No. 4 above. All of these reductions should be deleted from the General Fund Reserve.
3. Request that an independent special study be undertaken by the Legislative Analyst, the Controller and/or the Budget Analyst during the October, November and potentially December of 2003 elections, to determine the required need and associated costs for the Sheriff's Department to provide security for the Department of Elections, as discussed in Comment No. 5 above.
4. The Finance and Audits Committee may wish to make an additional reduction from the \$421,500 in Pollworker Fees and Training and from the \$1,050,000 in Temporary Salaries being requested to account for City employees that may assist on the Special recall election, in accordance with Comment No. 6 above.
5. Approve the proposed ordinance, as amended.

DEPARTMENT OF ELECTIONS
City and County of San Francisco**JOHN ARNTZ**
Director

To: Debra Newman, Budget Analyst, San Francisco Board of Supervisors
From: John Arntz, Director of Elections *JA*
Re: Supplemental Appropriation for the Statewide Special Election
Date: September 11, 2003

There are several reasons why the costs associated with the October 7, 2003 Statewide Special Election are greater than the costs associated with San Francisco's December run-off elections. To understand these reasons, it is important to begin with the basic premise that preparing for the October 7 Special Election is more like preparing for San Francisco's general November elections than San Francisco's December run-off elections. As you may know, December run-off elections are a subset of the November general elections. This means that run-off elections require less preparation because the Department can rely upon much of the planning and preparation it did for the preceding November election. Without having a preceding election to rely upon, the Department has had to conduct all of these activities for the Statewide Special Election in the same manner as it would for a general November election, which requires more work and accordingly higher costs.

The ballots for the Statewide Special Election will cost more than the ballots for run-off elections. Run-off elections use one ballot card, which is smaller than the cards used for general elections. While the Special Election is also a one-card ballot, because of the unprecedented number of candidates the Department had to create two versions of the card, one English-Chinese, and another English-Spanish. In addition, these cards are much larger than run-off cards and more expensive to format and print. Because of the larger size, the postage for the October absentee mailing and the return postage are also higher than for the smaller run-off ballots.

The staffing of the Special Election will also cost more than a typical December run-off election. For the Statewide Special Election, just like a November election, the Department had to prepare and execute a plan for locating polling places, recruiting poll workers, formatting and publishing voter guides, formatting absentee ballot applications, ordering supplies, and organizing materials to send to the polling sites. However, because of the shortened time frame, staff had to plan and implement all of these activities in an expedited manner. In addition, the Special Election and the general election will actually overlap by two days. (The 29-day close for the November 2003 election is October 6, the time under state law when we can mail absentee ballots and commence early voting. The recall election takes place on October 7.) This overlap requires the department to simultaneously staff for two elections.

The voter guides for the Special Election will also cost more than the voter guides for run-off elections. Voter guides for run-off elections are typically small foldout productions. Conversely, the voter guides for the Special Election are small book-like productions, sized to accommodate the larger sample ballot cards, provide both bilingual ballot formats, and include the required

recall information. These larger books are more expensive and time consuming to format, print, and mail.

There are also additional vendor costs associated with the Special election that we do not incur for December run-off elections. The contract the Department has with its election systems vendor, ES&S, does not require payment for the vendor's work for run-off elections. Conversely, ES&S is charging \$260,000 for the Special Election.

Please let me know if you need any additional information or have any questions related to the information supplied above.

Advertising, Election and drivers,
outreach advertising, foxlift
training

Subtotal - Professional & Specialized Services	\$ 125,000	\$ 122,350	
Equipment Maintenance	2,500	2,500	DOE will be working from 240 Van Ness. This is the fee required by OTIS elevators to maintain/repair the elevator in that building. Invoice has not arrived as of 9/9/03
Olds - Elevator Maintenance	2,500	2,500	Two additional faxes to meet increased load of incoming faxes for the recall / election overlap. - PPPC filing, AV request (POR04000036 - \$1736) Mega punch is used to bind information materials for precincts and requires servicing. Front Counter Time Stamp broke - replacement (Fitzgerald POR04000006 - \$513) Cash Register broke - replacement (Patrick & Company POR04000037 - \$520) Braille embosser for DOE cards front counter (American Printing House for the Blind POR04000049 - \$107)
Small Equipment - Fax, Barster, Mega Punch	600	2,876	Each voting booth cost approximately \$100 to be repaired by the manufacturer Election Data Direct. We have about 7,000 booths. Each election day a number are broken; legs snap off, electrical circuits blow, handles or cases break, they are melted by testing against gauge testers etc. They are shipped to Southern California to be repaired at the manufacturer. This is a low estimate.
Young Booth Repair/Replace	6,000	6,000	
Subtotal - Equipment Maintenance	\$ 8,000	\$ 10,376	
Property Rent			
Pier 29/30/31/32 - vehicle staging, PW training sites	\$12,500	\$12,500	Yes, it is repeated every election. This is the fees paid to the port to rent pier space to stage election day vehicles for the Field Election Deputies and the Sheriffs. Class rooms are rented at SF State and elsewhere to hold poll worker training class.
Equipment Rental			
Vehicles	\$50,000	\$50,000	Box trucks are used as supply trucks for polling sites as well as to shuttle supplies as needed from the processing center/workhouse areas to City Hall. The mini vans are staged in increments, the first group being used for polling place locating, signage, postings, absence ballots pick up from the post office, mail drops, shuttling equipment to and from training classes, outreach programs, delivery of Inspector supplies, polling place set up, election day field support vans, and polling place breakdown and equipment retrieval. The remainder of the vans are used on Election Day to shuttle inspectors and clerks for the standby drivers, election center drivers, FEDs and Sheriff deputies. The vendor is Thrifty (city contract) and we have negotiated the same rates as last fiscal year. Please see attached vehicle plan. Other city departments are not prepared to loan vehicles for the number of days required, although central shops has made some vehicles available for extended use, which has allowed us to modify our central needs.
Copiers	5,000	5,000	DOE has three copiers on contract from IKON. DOE was returning three copiers on expired contract from Minolta but the Recall Election space and copy needs have resulted in three months of extended use. The copiers are required in satellite areas before, during and following the election and will be shuttled where needed. Included in their use is: 240 Van Ness where assembly teams work, Bill Graham Civic Center for AV areas, poll worker recreational areas, the election command center/standby worker areas, result printing on Election Night, and the canvass at Brooks Hall in addition to base cost of \$375/4 weeks (three month rental \$3975). Copy meter click charges will bring the costs to over \$5000
Election day tents	3,000	2,070	The staging area for FEDs, Sheriff's Deputies and vehicles is at Pier 30/32. The election night processing center is at Pier 29. The election work area of Pier 29 and Pier 30 - 32 are open to the elements and tents are required for shelter. The tent area is used as a sign in area for workers as well as a break area. The 20' x 20' tents are erected the day of the election and dismantled the day following the election. Tent rental, including delivery, set up/tear, lights, permits, and fire extinguishers is \$690 per unit. Three tent setups will be put in place. REU Y R03G04000011 was put through purchasing and purchase order # POR04000033 for \$2070 has been generated. We had anticipated four tents, but reduced order to three.

Election day lighting	3,000	3,000	The staging area for PEDs, Sheriff's, Deputies and vehicles is at Piers 30/32. Vehicles are delivered to the Pier two days before an election and retrieved 1-2 days following the election. The election night processing center is at Pier 29. Both before an election and Sheriff's Deputies return election materials to the processing center. Tower light/generators are rented to illuminate the pier areas, for security and function. The areas are up and running by 4:30 am on Election morning and activity continues through the next morning. By city contract (U) Save Equipment the tower lights are \$175/daily plus pick-up/delivery fee and charges for usage over 8 hours in a 24-hour period. Two units go to Pier 29 and 6 units to Pier 30 - Pier 32. The two units are a three-day rental (\$2,625) The two units at Pier 29 are one-day rentals (\$550) Delivery charges pending - possibly \$100 each as they are towed into location.		
Election day hand trucks	600	200	Heavy Duty handtrucks are rented for use at the processing center to unload the vehicles. Daily rentals provides these for \$5 each for a 24-hour period. We anticipate using 20 handtrucks for two days during the election to load/unload outgoing/incoming vehicles and move equipment to warehouse processing/storage areas. Requisition RQRG0400007 was put through Purchasing and purchase order PORG040000045 was generated (Vendor - Dolly Rentals) We halved our original order as a result of the one-card ballot.		
Portable toilets	7,000	6,928	The owners of many polling locations decline to have inspectors and clerks use their restroom facilities, therefore the department must provide portable toilets at those sites. Port-a-potties are put in place by 5:00 am on election morning and picked up following poll closure. As well portable toilets are delivered to the staging areas and the election processing center warehouse. We also have several units on stand by for Election Day. As of 8/23/09 we have identified placement for 120 units. The portable toilet units are \$55 per rental unit. Golden State Portables was awarded the bid by OCA/purchasing following DOE's requisition Requisition # RQRG04000003 / Purchase Order # PORG04000028		
Computers	10,000	9,000	Thirty additional computers are required for the recall election work, processing inspections and clerks, as well as Absence and Provisional ballots. The computers are also used at workstations for seasonal staff and election specific projects. On election day they are set up in the election center. The rentals include monitors, keyboards, mice and sufficient RAM to handle the department's DMS (Data Information Management System) and Lotus Notes requirements. Desktop Products was awarded the bid by OCA/purchasing following DOE's requisition Requisition # RQRG04000004 / Purchase order # PORG04000019		
Pork lifts/ pallet jacks	4,000	4,104	Ballots are delivered on pallets. Forklifts are necessary to unload the delivery trucks as well as move the pallets into place for sorting. The crew at the warehouse/processing center requires a forklift to shift heavy equipment and pallets of supplies, and Brooks Hall requires an electric pallet jack to move the pallets of elections materials from arrival through the canvass and to load the materials on trucks to be taken to the second warehouse storage facility in Alameda. Election tables, booths, chairs and materials are also palletized. Purchasing is allowing DOE to have their forklift, however electric pallet jacks are required at 240 Yds. As city does not allow forklift on sidewalk and trailers are too heavy to maneuver pallets by other means and Brooks Hall has some issues with standard forklifts Vendor is U-Save Equipment (City contract) Purchase Order PORG04000032 - \$4,104 Two electric pallet jacks for three months)		
Audio Visual	1,200	1,301	The North Light Court at City Hall is the media center for Election Day and evening. City Hall Media Services do not have the equipment necessary for the press center and results display. McIntire Audio delivers the needed equipment and provides two techs to set up, monitor and strike. Equipment includes screen frame, rear fabric, black dress kit, Sanyo 2100 lumens projector, and media cart. Requisition # RQRG04000012 was put through purchasing and purchase order # PORG040000052 for \$1301 has been generated.		
IV G Ballot Tabulator subtotal - equipment rental	5,000 \$8,700	0 \$81,603	DOE will not be renting this piece of equipment (ballot tabulator) as in house equipment can handle a one-card ballot		
Other Current Expenses					
Full Worker Manual	\$10,000	\$10,000	A training manual is created every election. Every election is unique as to ballot cards, party involvement, etc. This manual is given to every person being trained and is an essential precinct supply.		
Freight/delivery/overseas ballots	10,000	10,000			
Ballot postage - AV and AV return	200,000	200,000	2.0 oz outgoing = .83/ea, 1.4 oz return = .82/ea		
VIP Postage	160,000	160,000	450,000 voter information pamphlets		
Other postage	75,000	75,000	Business reply, city wide mailing, change of precinct card, overseas ballots, mail merge letters		

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Bullet pens	15,000	15,000	Special cation ink pens are required at precincts for voters to mark their ballot. They are .50 each and 3 dozen dozen are required at each precinct as well as supplies at the early voting center and with FEDS and in supply vans. They dry out with caps off, between elections and are often walked off with by voter.		
Free bags	7,000	8,961	Precinct supply bags, carry ballots, supplies. \$4.50 each 2.3 per precinct. Need xtra set as elections overlap. Also most are not reusable as they are dragged along sidewalks. zippers break, or they are not returned Departmental Blanket for Arrow Paper BPR004000001. Purchase order issued POR004000028 - \$8,961		
Sub-total Materials and Supplies	770,500	821,614			
Other Materials and Supplies		6,000	label printer cartridges, tone cartridges Header cards for precinct ballot sent through the IV-C machines. Printer ribbons/cartridges for the eagle vote tabulators. Eagle tapes.		
Data processing supplies	5,000	6,000	label supplies, two additional label writers, two additional wand/treader, replacement cables,		
Minor data processing equipment	5,000	6,000	triplicate forms used in election center for problem tracking. NCR forms for ballot custody as each ballot boxes moves from reader, to JOE to inspector, to absentee to processing center. NCR forms used for equipment delivery and pick-up.		
NCR ballot Custody/Par - FORMS	3,000	3,000	Poll worker availability return card forms, polling place availability return card forms.		
Minor furnishings	5,000	6,000	Folding table - outreach, chairs for additional staff (data entry phone bank), bin cases PPFC filing, head sets for phone bank, easels, white boards, fencing for ballots (1200), AV counter stools,		
Sub-total Other Materials and Supplies	18,000	18,000			
Work Orders					
Building Operations	117,000	117,000	November 2002 costs \$132,000. New figures came from Mayor's budget office. See attached.		
Street	10,000	10,000	Computer ports, web page services		
DTIS ISD Service	10,000	10,000	phone/DSL lines to be set up in Bill Graham Civic Center to additional space required for Recall. Lines to be set up in Room 18 and Room 82 at City Hall in additional space required for recall. Lines installed Room 34 City Hall for Poll worker intake crew. Lines/DSL to be set up at 240 Van Ness. Comm and center to be set up, North Light and South Light Court lines, Index of temp staff requirements/police lines be installed or moved moved. New fax lines installed		
DTIS Telephone	10,000	10,000			
Purch - Central Shops	2,000	2,000	Estimated repair services and maintenance for "recall" vehicles on loan from Central Shops		
Purch - Central Shops	1,000	1,000	Estimated fuel charges for "recall" vehicles, vehicle keys, gas keys - August, September, October		
DPW	30,000	30,000	Fees charged by DPW - PCOs to retrieve memory packs. Road closure fees		
Purch Mail Services	20,000	20,000	Folding, stuffing, mailing, labeling - pertaining to recall. Mailings to poll workers, high school students, polling place owners, voter brochures, ballot box seals, memory pack seals, generic bag seals, parking permits, change of polling place and change of polling place notifications, observer guides, arrest indexes, voter instructions, write-in candidate lists, training manuals, Poll Worker response sheets, inspector job cards, clerk job cards, no absenteeing signs, voter instruction posters, processed ballot seals, phone cards, miscellaneous copy jobs, training materials, high school recruiting posters, poll worker recruitment brochures.		
IS Purch - Reproduction	25,000	25,000			
DPW	10,000		Electrical work at 240 Van Ness. CCSR campaign sign removal - by law, not within 100' of precincts. Electrical work at 240 Van Ness		
IT Assistance	16,500		DTMS - setting election to system, tech assistance for uplink sites, IT staff assistance Admin Services		
sub-total work orders	211,500				
Total	\$ 3,670,300	\$3,603,113			
Prem Salaries	-160,000	-160,000			

Vehicle Needs

Statewide Special Election - October 7, 2003 Election

Vehicle	Quantity	Pickup	Return	LOB	Total Days	Parking	Rate	Total	Purpose
15 ft. box truck	2	26-Sep	17-Oct	22 days	44	Pier 29	455wk/90day	3,150	Transport election supplies between warehouse & Corovan. Election Day field supply trucks.
Mini Van no seats	10	30-Sep	8-Oct	8 days	80	Pier 29	280wk/40/day	3,240	Deliver and retrieve equipment to poll locations
Mini Van no seats	5	30-Sep	12-Oct	12 days	60	Pier 29	280wk/40/day	2,440	Deliver and retrieve equipment to poll locations
Mini Van no seats	150	4-Oct	8-Oct	4 days	600	Pier 30/32	280wk/40/day	24,000	E-day: Field Election Deputies, Sheriff Deputies - ballot pick-up / security
Mini Van - 1 row of seats	17	6-Oct	8-Oct	2 days	34	Civic Center Garage	280wk/40/day	1,400	E-Day Drivers - emergency deliveries, standby poll worker and inspector shuttles
Mini Van - 1 row of seats	8	6-Oct	8-Oct	2 days	16	Pier 30/32	280wk/40/day	640	uplink site vehicles
Total								\$34,870	

Note: The original budget projection of \$50,000 has been reduced as Central Shops has provided ten vehicles for election use. These vehicles are currently assigned to the DOE warehouse, outreach workers, poll locations, the AV ballot team, logic & accuracy, and training staff. Other than the warehouse van at Pier 29, these loaner vehicles are garaged at Civic Center and signed out on a daily basis.

OCTOBER 7, 2003 GOVERNOR RECALL ELECTION COSTS - SHERIFF									
	B/W	Detailed Hour	OT Hour	Detailed \$	OT \$	Total \$			
8304 Deputy	\$2,559	31.99	\$ 47.98						
8306 Sr. Deputy	\$2,835	35.44	\$ 53.16						
8308 Sergeant	\$3,127	39.09	\$ 58.63						
8310 Lieutenant	\$3,584	44.80	\$ 67.20						
8312 Captain	\$4,110	51.38	\$ 77.06						
8314 Chief Deputy	\$4,531	56.64	\$ 84.96						
1. Sheriff's Command Post: Beginning in the early hours of October 7th and through the early hours of October 8th, the Sheriff's Department will have staff actively engaged in providing security to the election process. At one point, it is anticipated that we will have over 150 deputies dispatched to various locations. It is essential that we have a command post that can direct and coordinate our operation with our staff as well as with the Department of Elections and the Department of Parking and Traffic. Command staff are necessary to direct all action from this central location. Deputy staff will be engaged in "tactical communications" using radios, cell phones, hard wire phones and documenting calls, as well as keeping track of our units in the field. The Command Post, located at the DOE Operation Center, will begin operation at the same time the Sheriff's DOC is activated. We will be enhancing the communication between the Command Posts for this election. Our experience with the last election taught us to fill all these positions.									
Beginning at 0500 Hours October 7th and ending October 8th at 0300 Hours									
One 8314 Chief Deputy (1300 - 0300)		8	6	453	510	963			
Three 8312 Captains (0500-1600; 1500-0200; 1300-0300)		24	12	1,233	925	2,158			
One 8310 Lieutenant (0500-1600; 1600-0300)		16	6	717	403	1,120			
One 8308 St. Deputy (1600-0300)		8	3	284	159	443			
Four 8304 Deputy Sheriffs from 0500-1830; Six 8304 Deputies from 1600-0300.		80	32	2,559	1,535	4,094			
2. Department of Elections Operation Center: In order to ensure communication between our department and the Department of Elections, we will have a captain at the DOE Operations Center during its activation. It is anticipated that the activation could be for up to 24 hours. It is necessary to have a person of rank who can make decisions and ensure information is exchanged.									
Beginning at 0430 Hours on October 7th and ending October 8th at 0300 Hours									
Two 8312 Captains (0430-1600; 1530-0300)		16	7	822	559	1,381			
Two 8310 Lieutenants (0700-1700; 1630-0300)		16	5	717	302	1,019			
3. Pier 30/32 Staging Area for DOE and Sheriff's Department. We are anticipating combining our staging of equipment and vehicles for the election with the DOE at Pier 30/32. Sheriff's would be on site the day before the election to receive items and secure them. This also serves as a staff reporting area for DOE workers and Sheriff's Deputies. At the conclusion of the election, Sheriff's staff ensure that all items are secured, and picked up by the appropriate vendor or returned.									
Beginning at 0700 hours on October 6th and ending at 1500 hours on October 8th.									
October 6th 0700 hours to 1500 hours		8		358	-	358			
One 8310 Sheriff's Lieutenant		8		284	-	284			
One 8308 Senior Deputy		24		768	-	768			
Three 8304 Deputy Sheriffs			16		768	768			
October 6th 1500 Hours to 2300 Hours									
Two 8304 Deputy Sheriffs									
October 7th 2300 Hours to 0700 Hours									

OCTOBER 7, 2003 GOVERNOR RECALL ELECTION COSTS - SHERIFF						
	B/W	Detailed Hour	OT Hour	Detailed \$	OT \$	Total \$
One 8304 Deputy Sheriffs			8		384	384
October 7th 0500 Hours to 1600 Hours						
One 8310 Sheriff's Lieutenant		8	3	358	202	560
One 8308 Sheriff's Sergeant		8	3	313	176	489
Four 8304 Deputy Sheriffs (0500-1500)		32	8	1,024	384	1,407
October 7th 1500 Hours to 0200 Hours						
One 8312 Sheriff's Captain		8	3	411	231	642
One 8310 Sheriff's Lieutenant		8	3	358	202	560
One 8306 Senior Deputies		8	11	-	585	585
Six 8304 Deputy Sheriffs (1500-2300)		24	24	768	1,152	1,919
October 8th 2300 Hours to 0700 Hours						
Three 8304 Deputy Sheriffs		18	8	512	384	896
October 8th, 0700 Hours to 1500 Hours						
Three 8304 Deputy Sheriffs		24		768	-	768
Three 8304 Deputy Sheriffs						
4. Mobile Support Units and Tactical: During the morning and evening hours, we will have seven teams of two deputies each shift who have been trained in poll procedures, uplink procedures and FED procedures assigned to various areas of the City. They will be available to respond when directed by the Command Post. They may be necessary to respond to problems at the polls, pick up memory packs or assist in transferring ballots. These units were used to their full capacity in prior elections. They rescued lost ballots, kept order at polling places and prevented electioneering within 100 feet of polling places.						
Beginning at 0600 Hours on October 7th and ending October 8th at 0200 Hours						
One 8310 Lieutenant for one 12 hour shifts (1200-2400)		8	4	358	269	627
Three 8308 Sergeants (0600-1600, 1500-0200)		48	15	1,876	879	2,756
Three 8306 Senior Deputies (0600-1600, 1500-0200)		48	15	1,701	797	2,498
Eight 8304 Deputy Sheriffs (0600-1600, 1500-0200)		116	52	3,711	2,495	6,206
5. Memory Pack Collection: The Sheriff's staff will utilize up to 130 parking control officers and 9 Deputy Sheriffs to collect data memory packs from 553 precincts. Sheriff's staff will work with DPT and the DOE to train and organize routes for each officer engaged in the collection of the packs. This arrangement worked extremely well in prior elections and the vote was in and counted the earliest ever. It is essential that DPT fall under the direction of the Sheriff's staff and that the money for DPT be included in the DOE election budget						
Beginning October 7th at 1800 Hours ending at 2300 Hours						
One 8308 Sergeant			5	-	293	293
Eight 8304 Deputy Sheriffs			40	-	1,919	1,919
6. Uplink Site Security: Deputy Sheriffs will provide security at eight Uplink Sites around the City. They will coordinate the PCOs assigned to each of their uplink sites as well as the collection and downloading of the memory packs.						
October 7th from 1800 Hours to 2200 Hours			28	-	1,488	1,488
Seven 8308 Senior Deputies			36	-	1,727	1,727
Nine 8304 Deputy Sheriffs						

B/W	Detailed Hour	OT Hour	Detailed \$	OT \$	Total

24	938	9
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40	40	1,418	2,126	3.5
40				

200	544	6,398	26,102	32.4
200	544	6,398	26,102	32.4

[illegible]

[illegible]

16	512	5
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8	3	358	202	5
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32	12	1,024	638	1,6
32	12	1,024	638	1,6

8	2	284	90	3
			400	

	8	200	5374	53
2				
1				
0				

[illegible]

[illegible]

40	1,919	19
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20	36	640	1,727	2,3
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[illegible]

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OCTOBER 7, 2003 GOVERNOR RECALL ELECTION COSTS - SHERIFF						
	B/W	Detailed Hour	OT Hour	Detailed \$	OT \$	Total \$
Day Watch - One 8304 deputy sheriff - 0908-0926 Monday thru Friday (roving patrol)		120	120	3,839	5,758	9,596
2-8304 from 0928 thru 1008 Monday thru Friday (Posted Rm. 59 & 82)(0800-1800 hrs.)		168		5,374	-	5,374
Swing Watch - One 8304 deputy sheriff (roving patrol) Includes 240 Van Ness, Brooks)						
Midnight Watch - One 8304 deputy sheriff (roving patrol) (OT from 9/29-10/7 Mon.-Fri.)		120	56	3,839	2,607	6,525
Election Day Security						
Beginning October 7th at 0700 Hours and ending at 0700 Hours October 8th						
0700 - 1600 Hours - Four 8304 Deputy Sheriffs		20	16	640	768	1,407
1500 - 2300 Hours - Four 8304 Deputy Sheriffs		32		1,024	-	1,024
1900 - 0700 Hours - Two 8304 Deputy Sheriffs		24		768		768
0700 - 1900 Hours - One 8308 Sergeant		8	4	313	235	547
Post Election Day						
Beginning October 8th at 0700 Hours and ending at 1500 Hours October 17th						
Day Watch - Two 8304 deputy sheriffs Posted Rms. 59 & 82 from 0800 - 1800 hrs. Monday - Friday (excluding holiday on 10/13).			140	-	6,717	6,717
Day Watch - Three 8304 deputy sheriffs Posted Rms. 59, 82, and Grove Door from 0800 - 1800 hrs. Sat. & Sun. 10/11 and 10/12.			60	-	2,879	2,879
Swing Watch - One 8304 deputy sheriffs (10/09-10/10) (6 hrs. from 1500-2100 hrs.)			18	-	864	864
Midnight Watch - One 8304 deputy sheriff (det. Staff from 10/8-10/10 roving patrol)		24		768		768
Ballot Security Brooks Hall: Canvassing ballots moved from Pier 29. Begins 10/08 at 0700 hrs. - 11/03 at 1500 hrs.						
Day Watch - One 8304 deputy sheriff						
Swing Watch - One 8304 deputy sheriff						
Midnight Watch - One 8304 deputy sheriff						
Three 8304 deputy sheriffs x 8 hours x 26 days			624	-	29,940	29,940
10. Training SFSO Staff: We anticipate that we may be required to use approximately 25 Deputies to pick up ballots who have not participated in prior elections. We will need to provide training to them in order to ensure that the security and integrity of the ballots is preserved during the election process.						
25 deputies x 3 hours		50	25	1,599	1,200	2,799
11. Absentee Ballot Collection from Main Post Office: Once absentee ballots are returned from voters, they become voted ballots. We will work with the DOE to insure they are securely transported from the Main Post Office if necessary.						
This will be accomplished through the use of on-duty personnel.						
12. Security for Dismantling of Eagle Boxes: Due to the design of the Eagle Boxes, used to collect votes at each polling location, ballots are sometimes left in one of the compartments. A deputy will be present during the dismantling of each box to insure that any voted ballots discovered are documented and delivered to the central county location.						
October 8 th , 9 th , 10 th and 11 th from 1300 Hours to 1600 Hours						

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Items 16, 17 and 18 - Files 03-1383, 03-1388 and 03-1393

The proposed ordinances would establish the Fiscal Year 2003-2004 Property Tax rates for the City and County of San Francisco including the Bay Area Air Quality Management District and the Bay Area Rapid Transit District (File 03-1383), for the San Francisco Community College District (File 03-1393), and for the San Francisco Unified School District (File 03-1388). The total proposed Property Tax rate is \$1.107 per \$100 of assessed value for Fiscal Year 2003-2004 for all of the jurisdictions named above. This proposed Property Tax rate of \$1.107 for FY 2003-2004, as calculated by the Controller, including bond interest and redemption charges, is a decrease of \$0.01 from the Fiscal Year 2002-2003 Property Tax rate of \$1.117.

The Fiscal Year 2002-2003 Property Tax rates, as previously approved by the Board of Supervisors, and the proposed Fiscal Year 2003-2004 Property Tax rates are as follows:

<u>Previously Approved Fiscal Year 2002-2003 Property Tax Rates</u>	<u>Proposed Fiscal Year 2003-2004 Property Tax Rates</u>	<u>Increase (Decrease)</u>
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Base Property Tax Rates:

General Fund	\$0.57239620	\$0.56588206	(\$0.00651414)
Children's Fund	0.03000000	0.03000000	-
Open Space Acquisition Fund	0.02500000	0.02500000	-
County Superint. Of Schools	0.00097335	0.00097335	-
Library Preservation Fund	0.02500000	0.02500000	-
S.F. Unified School District	0.28485725	0.29034411	0.00548686
S.F. Community College District	0.05336253	0.05438981	0.00102728
Bay Area Air Quality Management District	0.00208539	0.00208539	-
Bay Area Rapid Transit District	0.00632528	0.00632528	-
Subtotal, City and County of San Francisco Tax Rate	\$1.00	\$1.00	\$0.00

Property Tax Rates (Continued)

	Previously Approved Fiscal Year 2002-2003 Property Tax <u>Rates</u>	Proposed Fiscal Year 2003-2004 Property Tax <u>Rates</u>	Increase (Decrease)
<u>Property Tax Rates for Bonded Indebtedness</u>			

City and County of San Francisco	\$0.11671113	\$0.10682335	(\$0.00988778)
S. F. Unified School District	<u>0.00028887</u>	<u>0.00017665</u>	(0.00011222)
Subtotal, Bonded Indebtedness	\$0.117	\$0.107	(\$0.01)
Total Combined Property Tax Rate	\$1.117	\$1.107	(\$0.01)

Compared with the Fiscal Year 2002-2003 Property Tax rate of \$1.117, the proposed Fiscal Year 2003-2004 Property Tax rate of \$1.107 will have the following effect on a tax bill for a single family residence assessed at \$400,000:

	Fiscal Year <u>2002-2003</u>
Assessed Value	\$400,000
Less Homeowners Exemption	<u>7,000</u>
Total	\$393,000 divided by \$100 x \$1.117 = \$4,389.81

	Fiscal Year <u>2003-2004</u>
Assessed Value (2000-2001)	\$400,000
Add 2% Inflationary Rate	<u>8,000</u>
Subtotal	\$408,000
Less Homeowners Exemption	<u>7,000</u>
Total	\$401,000 divided by \$100 x \$1.107 = <u>\$4,439.07</u>

Net increase in Property Tax Bill for Fiscal Year 2003-2004
compared to the Property Tax Bill for FY 2002-2003 \$49.26

BOARD OF SUPERVISORS
BUDGET ANALYST

As shown above, homeowners of a single family residence, assessed at \$400,000, would experience an inflationary rate increase of 2 percent to the assessed value of the residence, as allowed under Proposition 13 for Fiscal Year 2003-2004. In the example reflected above, the inflationary rate increase, combined with the decreased rate for bonded indebtedness, results in a Property Tax increase of \$49.26, or a 1.12% increase, for Fiscal Year 2003-2004 as compared to Fiscal Year 2002-2003.

Section 37.3 (6) of the Administrative Code (the Residential Rent Stabilization and Arbitration Ordinance) allows landlords to pass through to tenants that portion of Property Taxes attributable to the City's General Obligation bonds approved by voters between November 1, 1996 and November 30, 1998. For Fiscal Year 2003-2004, the passthrough rate, as determined by the Controller, is \$0.023 per \$100 of assessed value, or 2.3 cents per \$100 of assessed value. The passthrough rate in FY 2002-2003 was \$0.025, which is \$0.002 more than the proposed passthrough rate of \$0.023 in FY 2003-2004. Landlords must comply with the Rent Board's procedures to be eligible for passthrough provisions.

Recommendation

Approve the proposed ordinances.

Item 19 - File 03-1425

Department: Controller

Item: Ordinance appropriating \$23,273 for the municipal symphony concerts using Property Tax revenue, pursuant to Charter Section 16.106(1) for the Arts Commission for Fiscal Year 2003-2004.

Description: The proposed ordinance would amend the Fiscal Year 2003-2004 Annual Appropriation Ordinance (AAO), as previously approved by the Board of Supervisors, as a prerequisite to the levy of the Property Tax rate. The proposed ordinance would amend the Fiscal Year 2003-2004 AAO to increase the previously appropriated funds by \$23,273 (from \$1,211,979 to \$1,235,252) to the Arts Commission for the Municipal Symphony Orchestra (one-eighth of one cent per \$100 of assessed valuation) as required by Charter Section 16.106(1).

Comment: The Fiscal Year 2003-2004 budget presently includes \$1,211,979 for the Arts Commission expenditures for the Municipal Symphony Orchestra. The proposed ordinance would increase this previously appropriated amount by \$23,273 to \$1,235,252 for Fiscal Year 2003-2004 in accordance with the Controller's final calculations.

Recommendation: Approve the proposed resolution.

Item 20 - File 03-1389

- Department:** Controller
San Francisco Redevelopment Agency (SFRA)
- Item:** Resolution amending the budget of the San Francisco Redevelopment Agency (SFRA) for Fiscal Year 2003-2004 to authorize the Controller to adjust the Tax Increment revenues distributed to the SFRA in accordance with the Tax Increment Allocation Pledge Agreements between the City, the SFRA and the Catellus Development Corporation, a private firm, for the Mission Bay North and Mission Bay South Plans.
- Background:** The SFRA's Mission Bay North Redevelopment Plan and Mission Bay South Redevelopment Plan, previously approved by the Board of Supervisors (File No. 327-98 and File No. 335-98 respectively), are financed with Tax Increment revenues. The Attachment to this report, provided by Ms. Edel Antiniw of the Controller's Office, contains additional information regarding the Tax Increment financing.
- Description:** The proposed resolution would authorize the Controller to adjust the estimated Tax Increment revenues included in the SFRA's FY 2003-2004 budget for Mission Bay North and Mission Bay South, to the actual Tax Increment revenues which are generated in FY 2003-2004. Mr. Todd Rydstrom of the Controller's Office projects that the actual Tax Increment revenues for FY 2003-2003 will be \$226,922 for Mission Bay North, as compared to the \$1,694,000 of budgeted revenues for Mission Bay North, and \$374,658 for Mission Bay South, as compared to the \$1,091,000 of budgeted revenues for Mission Bay South. Mr. Mario Menchini of the SFRA explains that the discrepancy between the budgeted revenues and the actual projected revenues is because the Controller's figures reflect the Assessor's backlog for five parcels in the Mission Bay North and South areas. Mr. Menchini advises that once the Assessor clears this backlog, supplemental tax revenues for these parcels will increase the actual Tax Increment revenues.

According to Mr. Menchini, on November 16, 1998, the City, SFRA and the Catellus Development Corporation (Catellus) entered into a Tax Increment Allocation Pledge Agreement,

BOARD OF SUPERVISORS

BUDGET ANALYST

previously approved by the Board of Supervisors (File No. 884-98), for Catellus to construct certain public improvements at Mission Bay North and Mission Bay South to be paid for by Tax Increment revenues. Mr. Menchini states that of the estimated \$226,001 and \$372,716 of Tax Increment revenues for Mission Bay North and South respectively, 60 percent will be used to pay Catellus for the costs of public improvements.

Recommendation: Approve the proposed resolution.

- 1) Tax increment financing is the financing tool that allows a redevelopment agency to use property tax increments for paying the public costs of redevelopment activities pursuant to California Redevelopment Law. This relieves taxpayers of the costs of redevelopment by making projects self-supporting. RDA is authorized to use tax increment funds to finance redevelopment including the issuance of tax allocation bonds secured by a pledge of property tax increments. RDAs are funded by the increase in property taxes generated on the growth of assessed valuation within the project area. Tax increment financing is based on the assumption that a revitalized project area will generate more property taxes than were being generated before redevelopment.
- 2) Tax increments are calculated based on the difference between the current year valuation and the frozen RDA base year valuation (total assessed valuation of all the properties within a designated project area based on the last equalized roll) multiplied by the applicable tax rate in each tax rate area. Base year valuations are established upon approval of a redevelopment project. The taxing jurisdictions (county, cities, special districts and schools) continue to receive property taxes levied only on the base year valuation of the project. Any additional tax monies generated from the increase in assessed valuation as a result of the redevelopment within the project area are distributed to the RDA referred to as tax increment revenue and are calculated annually.
- 3) The current tax increment amount budgeted in FY 2003-04 for Mission Bay North is \$ 1,694M and Mission Bay South is \$ 1,091M. The proposed change would be based on actual tax increment generated in said project areas at 6/30 fiscal year-end pursuant to the contractual obligation entered into by the City, Agency and Catellus Development Corporation. Actual disbursements could be more or less than the estimated amounts included in the RDA's budget.
- 4) Teeter plan is also known as the alternative method of tax apportionment for the distribution of tax revenue pursuant to R&T Code Section 4702 et seq and the City adopted this plan in 1993. Counties who adopt the plan are required to remit 100% of the secured property taxes billed amount rather than actual tax collections. In return, the County receives all future delinquent tax payments including penalties and interests.
- 5) This resolution would allow the Controller to disburse tax increment associated with Mission Bay North and Mission Bay South project areas based not on estimated tax increment as shown in the Redevelopment Agency's annual budget but on actual tax increment generated in a given year as required by the Tax Increment Allocation Agreements between the City, Redevelopment Agency and Catellus.

Items 21 and 22 – Files 03-1404 and 03-1464

Departments: Mayor's Office of Housing (MOH)
Department of Public Works (DPW)
Real Estate Division (RED)

Item: File 03-1404

Resolution authorizing the Mayor's Office of Housing to enter into a (a) Lease Disposition and Development Agreement with Chinatown Community Development Center and (b) below market long-term ground lease with Chinatown Community Development Center, a nonprofit public benefit corporation, for the development of affordable housing, together with a child care center, neighborhood-serving commercial space, and associated parking on real property located on the south side of Broadway between Battery and Front streets; affirming the Planning Commission's adoption of the mitigated negative declaration for the project; adopting environmental findings under the California Environmental Quality Act; and adopting findings that the project is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

File 03-1464

Resolution transferring jurisdiction from the Department of Public Works to the Mayor's Office of Housing, at no cost, for real property identified as Assessor's Block 141, Lot 11, located at 150 Broadway, for the development of affordable housing; and adopting findings pursuant to City Planning Code Section 101.1.

Location: 150 Broadway, between Battery Street and Front Street
(Assessor Block 141, Lot 11)

Purpose of Lease: Ground lease for 30,937 square feet of property located at 150 Broadway for the purpose of developing and maintaining the site as affordable housing.

Lessor: City and County of San Francisco

Lessee: Chinatown Community Development Center (Chinatown CDC)

No. of Sq. Ft.: 30,937 square feet of land

Term of Ground Lease: The initial term of the Ground Lease is 65 years, with an estimated beginning date of August 1, 2004, which is when construction is expected to begin and ending date of July 31, 2069.

Ground Lease Extension: At the expiration of the initial Ground Lease, Chinatown CDC would have the option to extend the term of the lease for an additional 34 years, for a maximum lease of 99 years, until July 31, 2103.

Term of Lease Disposition and Development Agreement: According to Ms. Teresa Yanga of the MOH, the term of the proposed Lease Disposition and Development Agreement between the City and Chinatown CDC would begin once the Board of Supervisors and the Mayor approve the proposed resolutions and would cease upon the City recording a Certificate of Completion for construction of the improvements, an estimated total period of approximately 23 months.

Rent Payable To City: Under the proposed ground lease Chinatown CDC would pay the City a total of \$500,000 for the initial 65-year term of the lease, or approximately \$7,692 per year. The entire \$500,000 amount would be paid up front at the beginning of the Ground Lease term. During the optional 34-year lease extension Chinatown CDC would pay, once each year, an amount equal to Chinatown CDC's Surplus Cash for the prior fiscal year, calculated as the balance of the prior fiscal year's Project Income¹ remaining after Chinatown CDC has paid all of approved Project Expenses² for the prior fiscal year.

¹ The Ground Lease defines Project Income as all income and receipts in any form received by Chinatown CDC from the operation of the Project.

² The Ground Lease defines Project Expenses as the following costs, in order of priority: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments, and

Lessee: Chinatown Community Development Center (Chinatown CDC)

No. of Sq. Ft.: 30,937 square feet of land

Term of Ground Lease: The initial term of the Ground Lease is 65 years, with an estimated beginning date of August 1, 2004, which is when construction is expected to begin and ending date of July 31, 2069.

Ground Lease Extension: At the expiration of the initial Ground Lease, Chinatown CDC would have the option to extend the term of the lease for an additional 34 years, for a maximum lease of 99 years, until July 31, 2103.

Term of Lease Disposition and Development Agreement: According to Ms. Teresa Yanga of the MOH, the term of the proposed Lease Disposition and Development Agreement between the City and Chinatown CDC would begin once the Board of Supervisors and the Mayor approve the proposed resolutions and would cease upon the City recording a Certificate of Completion for construction of the improvements, an estimated total period of approximately 23 months.

Rent Payable To City: Under the proposed ground lease Chinatown CDC would pay the City a total of \$500,000 for the initial 65-year term of the lease, or approximately \$7,692 per year. The entire \$500,000 amount would be paid up front at the beginning of the Ground Lease term. During the optional 34-year lease extension Chinatown CDC would pay, once each year, an amount equal to Chinatown CDC's Surplus Cash for the prior fiscal year, calculated as the balance of the prior fiscal year's Project Income¹ remaining after Chinatown CDC has paid all of approved Project Expenses² for the prior fiscal year.

¹ The Ground Lease defines Project Income as all income and receipts in any form received by Chinatown CDC from the operation of the Project.

² The Ground Lease defines Project Expenses as the following costs, in order of priority: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments, and

Under the proposed resolution (File 03-1464), the MOH would obtain jurisdiction of the property from the DPW through a jurisdictional transfer at no cost. The MOH would ground lease the property to Chinatown CDC for the development of an 87-unit affordable housing apartment complex, composed of 29 studios, 30 two-bedroom units and 28 three-bedroom units, consistent with Proposition A, approved by the voters in November of 1996. Proposition A authorized the City to issue \$100,000,000 of General Obligation bonds to finance both the development of housing affordable to low-income households in the City and County of San Francisco, and down payment assistance to low and moderate income first-time homebuyers. In December of 1997, the Board of Supervisors approved regulations to implement Proposition A, authorizing the MOH to provide the proceeds from these bonds to fund the development of affordable housing. The subject affordable housing project would use \$9,611,166 in Proposition A bond funds, including \$6,000,000 in the form of a grant and \$3,611,166 in the form of a loan from the MOH.

The \$500,000 lump sum payable by Chinatown CDC for the proposed 65-year lease, would be used by the DPW in accordance with SB 181, which requires such funds be used for the Embarcadero Roadway Project.

Description:

Under the proposed resolutions, Chinatown CDC, as the developer, would develop the property at 150 Broadway for affordable housing at an estimated total project cost of \$31,378,207, using the funding sources shown in Attachment IV, provided by the MOH. According to Ms. Yanga, Chinatown CDC would construct 87 rental units at 150 Broadway, known as the Broadway Family Apartments. These 87 units would consist of (a) 29 studio units, (b) 30 two-bedroom units and (c) 28 three-bedroom units. Attachment I, provided by the MOH, describes the criteria for affordable housing.

The proposed ground lease establishes the terms and the specific compensation and other requirements for the parties to the agreement. The Ground Lease will commence on the Commencement Date, which the MOH estimates will be August 1, 2004, and shall end 65 years

from that date, or on July 31, 2069. However, at the end of the 65-year term, Chinatown CDC would have the option to extend the lease for an additional 34 years, for a total Ground Lease term of 99 years, ending on July 31, 2103. Under the proposed Ground Lease, Chinatown CDC would be responsible for all of the costs required for managing, operating and maintaining the Broadway Family Apartments, including the associated parking. The estimated cost of managing, operating and maintaining the Broadway Family Apartments Project, including the related parking, during the first year of operations is \$544,599. The estimated costs of \$544,599 are detailed in Attachment II (\$614,199 less Replacement Reserve of \$69,600) provided by the MOH. Under the terms of the Ground Lease, the property in full, including the land and improvements, would revert to the City after either 65 years or 99 years without compensation to Chinatown CDC. At the time that the subject property reverts to the City (either at the end of 65 years or 99 years), the City would assume responsibility for the management, operation and maintenance of the property.

Under the proposed Lease Disposition and Development Agreement the MOH and Chinatown CDC would set the terms for the development of affordable housing at 150 Broadway, known as the Broadway Family Apartments. Under the proposed Lease Disposition and Development Agreement, Chinatown CDC would be required to obtain approval from the MOH for the Construction Documents and the project financing plan. Construction Documents include: (a) Schematic Drawings of the construction project, (b) Preliminary Construction Documents containing sufficient detail and completeness showing the improvement and surrounding features, and (c) Final Construction Documents that include all plans and specifications required under applicable Codes to be submitted with an application for a Building Permit.

The proposed Lease and Disposition and Development Agreement would also require Chinatown CDC to obtain all the necessary permits related to the construction of the Broadway Family Apartments.

Attachment III, provided by the MOH, contains a budget for the \$31,378,207 in estimated development costs of the

BOARD OF SUPERVISORS
BUDGET ANALYST

proposed Broadway Family Apartments Project. Attachment IV, provided by the MOH, is a description of the proposed Financing Plan for the Broadway Family Apartments Project.

Comments:

1. As stated previously, under the proposed ground lease, the City would receive a lump sum payment of \$500,000, equivalent to approximately \$7,692 per year in rental payments from Chinatown CDC for the Ground Lease of the entire 30,937 square feet at 150 Broadway during the 65-year term of the lease. This is approximately \$131,508, or 94.5 percent, less per year than the \$139,200 per year the City currently receives from two existing leases. As previously noted, such revenues are used for the Embarcadero Roadway Project. Further, \$7,692 per year represents an approximately 0.12 percent return on the estimated \$6,187,400 value of the property, compared with the current approximately 2.25 percent return.

2. As discussed in more detail in Attachment V, provided by Ms. Yanga, the 150 Broadway property is being leased at a rate that is below market value because “a below market rate transfer or land value write-down of publicly-owned surplus land is a well-established means for local jurisdictions to accomplish their affordable housing goals. Land acquisition cost is one of the major components of a development budget. Reducing the land cost also reduces the amount of debt the project must carry. This in turn reduces the rental income the project must produce and makes possible rents that are accessible to households with lower incomes.”

Ms. Yanga further notes in Attachment V that “This form of subsidy is particularly useful in meeting the goal of geographically distributing affordable housing throughout the city and avoiding its concentration in traditionally low income neighborhoods. This involves attempting to integrate affordable housing into areas where land values (and the cost of housing generally) are particularly high, such as the subject location, where the proximity to downtown, the Embarcadero, North Beach, and Chinatown result in extraordinarily high values, even for San Francisco. If full market rate is paid for land in such areas, the resultant development costs are generally so

high relative to the citywide average as to make affordable rental housing development infeasible.”

Ms. Yanga notes that the \$500,000 lump sum payment for the proposed Ground Lease would allow the cost of the development of the Broadway Family Apartments to remain lower than the cost of developing market-rate housing.

According to Mr. Jesse Smith of the City Attorney’s Office, it is lawful for the City to lease or sell the subject property below fair market value since the development of affordable housing on the property is fulfilling a public purpose. Mr. Smith notes that the owner of property adjacent to 150 Broadway has initiated legal action against the City for challenging the lease of the property at below fair market value. Currently, the litigation is in the discovery phase, during which information is being exchanged by the plaintiff and the City. However, Mr. Smith states that the San Francisco Superior Court, in a preliminary ruling, has indicated that the City’s proposed use of the property is consistent with the requirements of SB 181. Mr. Smith further states that there is no legal requirement for the subject property to be leased at fair market value under the present circumstances.

3. Ms. Yanga reports that the MOH issued a Request for Qualifications (RFQ) in April of 1999 in order to select a developer of affordable housing at 150 Broadway. According to Ms. Yanga, the MOH received two applications, one from Asian, Inc. and one from Chinatown CDC. Ms. Yanga reports the MOH selected Chinatown CDC because of its higher qualifications in the following areas related to affordable housing projects: (a) development experience, (b) management experience, (c) service provided to residents, and (d) community planning and outreach. Ms. Yanga notes that, on January 31, 2000, the MOH entered into an Exclusive Negotiations Agreement with Chinatown CDC to be the developer of the Broadway Family Apartments.

4. According to Ms. Yanga, Chinatown CDC has selected, through an RFQ process, Roberts-Obayashi as the general contractor for the Broadway Family Apartments Project. Ms. Yanga reports that (1) Nibbi Brothers, (2) SJ

Amoroso, and (3) Lem/Transworld Joint Venture also responded to the RFQ. Ms. Yanga notes that while Chinatown CDC's RFQ review panel was comprised solely of Chinatown CDC staff, its interview panel included outside experts.

5. As shown in Attachment III, the estimated cost for the development of the Broadway Family Apartments Project is \$31,378,207. Ms. Yanga notes, however, that the sub-contractors for the construction of the Broadway Family Apartments have not yet been selected. Therefore, Ms. Yanga notes that the budget for the construction of the Broadway Family Apartments has not yet been finalized.

6. As shown in Attachment IV, funding for the proposed Broadway Family Apartments would be received from Federal, State, City and private sources. The largest source, \$17,800,000, of the short-term construction financing is anticipated to come from tax-exempt housing revenue bond financing from an allocation by the California Debt Limit Allocation Committee (CDLAC). Ms. Yanga notes that Chinatown CDC will apply for this funding, on behalf of the City, by January of 2004.

7. Ms. Yanga reports that the MOH has already committed \$10,150,000 for the Broadway Family Apartments. Of this amount \$6,000,000 is a grant from the Affordable Housing Bond Program (Proposition A), as described previously. The remaining \$4,150,000 would be loaned to Chinatown CDC for a term of 55 years. Of the \$4,150,000, \$3,611,166 would be funded by the Affordable Housing Bond Program and \$538,834 would be funded by the Jobs Housing Linkage Program. The Jobs Housing Linkage Program receives funds from new office construction projects, and is administered by the MOH.

8. Ms. Yanga notes that all financing sources requiring repayment (bonds and loans) will be repaid by Chinatown CDC from rental income received once the Broadway Family Apartments are ready for operation. The interest rates for the bonds and loans are discussed in Attachment IV.

Recommendation: Approval of the proposed resolutions is a policy decision for the Board of Supervisors.

**MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO****WILLIE LEWIS BROWN, JR.**
MAYOR**Daryl Higashi**
DIRECTOR

DATE: September 11, 2003
TO: Salvador Sanchez
FROM: Teresa Yanga
RE: Broadway Family Apartments
File No. 03-1404

This memo responds to your inquiry by phone message regarding the facts of the affordable housing to be developed on Broadway Parcel #2 by Chinatown Community Development Center. Specifically you asked for a description of the final development including the affordable housing, childcare center and neighborhood-serving commercial space.

The proposed project will be 87-units of housing for low-income families. It will consist of 29 studios, 30 2-bedrooms and 28 3-bedroom apartments. It could house approximately 300 people in those housing units. There will be 41 parking spaces, of which 3 will be dedicated for the City CarShare program, which allows people to access cars without the high cost of car ownership.

The proposed childcare center would be a licensed facility of approximately 3,500 square feet in size. It could serve up to 60 low-income, toddlers and pre-school aged children. The selected operator is Kai Ming Head Start.

The commercial space would be approximately 2,000 square feet in size. The project developer intends to lease the space to businesses with neighborhood-serving uses but final commercial tenants have not been determined.

The project would be "affordable" because it will target all units to be affordable to families at 50% of area median income or less (income equivalent to \$45,750 for a 4-person household based on 2003 income limits published by the Department of Housing and Urban Development). HUD defines families at 50% of area median income with adjustments for high housing costs to be "very low-income." Approximately one-third of the units will be at rents affordable to families at 35% of median income (\$32,025 for a 4-person household). 25% of the units would receive Section 8 rental assistance so tenants of those units would only pay 30% of their incomes toward rent. The Mayor's Office of Housing requires that rents charged for all units not exceed 30% of 60% of area median income (equivalent to \$915/month for a studio unit, \$1,145/month for a 2-bedroom unit, and \$1,254/month for a 3-bedroom unit).

BROADWAY FAMILY APARTMENTS

PAGE 4

BASE YEAR INCOME/OPERATING EXPENSE STATEMENT

BROADWAY FAMILY - MHP draft: 8/25/03

Revised:

26-Aug-03

INCOME:		
Scheduled Gross Income - Residential		901,383
Scheduled Gross Income - Commercial		75,000
Section 8 Increment		178,210
Misc. Income		3,654
Vacancy Loss - Residential	5.0%	(54,162)
Vacancy Loss - Commercial	50.0%	<u>(37,500)</u>
EFFECTIVE GROSS INCOME		1,066,584
EXPENSES - RESIDENTIAL		
Administrative		
Advertising	0	
Legal	900	
Accounting/Audit	8,352	
Security	2,400	
Other Administrative Expenses	<u>4,800</u>	
Total Administrative		16,452
Management Fee		52,200
Utilities		
Fuel	0	
Electricity	75,400	
Gas	0	
Total Utilities	<u>0</u>	
Total Utilities		75,400
Water/Sewer		31,320
Payroll/Payroll Taxes		
On-Site Managers	69,840	
Maintenance Personnel	60,320	
Payroll Taxes & Benefits	<u>71,807</u>	
Total Payroll/Payroll Taxes		201,967
Insurance		48,000
Real Estate Taxes		24,000
Maintenance		
Painting	10,200	
Repairs	6,600	
Trash Removal	7,200	
Exterminating	1,800	
Grounds	6,300	
Elevator	<u>18,000</u>	
Total Maintenance		50,100
Service Amenities Budget		0
Replacement Reserve		69,600
Other		
Operating Reserve	0	
Misc. License/Permits	3,000	
Supportive Services Coordinator	<u>42,160</u>	
Total Other		45,160
TOTAL EXPENSES - RESIDENTIAL		614,199
Per Unit Per Year (incl. reserves)	7,060	
Per Unit Per Year (w/o taxes/res./services)	5,499	
TCAC Minimum (w/o taxes/res./services)	3,200	
TOTAL EXPENSES - COMMERCIAL		1,200
NET AVAILABLE INCOME		451,185
		<u>0</u>
NET AVAILABLE INCOME-TOTAL		451,185
Less: HCD Mandatory Interest Payment		33,533
NET AVAILABLE INCOME - Res & Comm		248,353
NET AVAILABLE INCOME - Special Income Partnership Corporation		169,299

BROADWAY FAMILY APARTMENTS

PAGE 1

Prepared For: Chinatown CDC
 Prepared By: California Housing Partnership Corporation
 Version: BROADWAY FAMILY - MHP draft 8/25/03

BROADWAY INITIAL RUN 9%-3.xls
 Revised: 26-Aug-03

SOURCES OF FUNDS

SOURCES OF FUNDS - PERMANENT					
	AMOUNT	BOND/ INTEREST RATE	OID INTEREST RATE	TERM (yr)	COMMENTS
Tax-Exempt Bond - Res & Comm.	2,705,022	7.000%		30	
Tax-Exempt Bond - Section 8 Increment	1,056,503	7.000%		10	Not Guaranteed
San Francisco MOH Loan	4,150,000	3.000%	1.788%	55	Contingent interest for Capital Accounts
San Francisco MOH Grant	6,000,000	0.000%	0.000%		
HCD MHP	7,984,135	3.000%	2.208%	55	Mandatory MHP interest: 0.42%
AHP	430,000	0.000%	0.000%	30	
Deferred Developer Fee	528,500	0.000%			
Capital Contributions					
General Partner	944,000				
Limited Partners	7,579,948				
TOTAL SOURCES	31,378,207				
Surplus/(Shortfall)	0				
SOURCES OF FUNDS - CONSTRUCTION					
	AMOUNT	INT RATE	TERM (Mo.)		
Tax-Exempt Bond - Construction	17,800,000	8.50%	23		Likely Commitment Amount = 17,767,300
San Francisco MOH Loan	4,150,000	3.00%	23		
San Francisco MOH Grant	6,000,000	0.00%			
AHP	430,000	0.00%	23		
Costs Deferred Until Permanent Loan Closing	832,037				
Deferred Developer Fee	528,500				
Capital Contributions					
General Partner	944,000	0.00%			
Limited Partners	593,670	0.00%			% of total pay-in: 9.15%
TOTAL SOURCES	31,378,207				
Surplus/(Shortfall)	0				

BROADWAY FAMILY APARTMENTS

Uses of Funds

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Version

BROADWAY FAMILY - MHP draft 8/26/03

Revised

26-Aug-03

USES OF FUNDS	TOTAL	84.75%		OFFPRECIABLE		EXPENSE	84.75% TAX CREDIT ELIGIBLE		
		RESIDENTIAL	NON-DEPREC	RESIDENTIAL	NON-RES		AMORTIZE	CONST / REPAIR	ACQUIS
ACQUISITION COSTS									
Land	500,000	473,771	500,000						
Building	0	0	0	0	0				0
GENERAL DEVELOPMENT COSTS									
Unit Construction	14,623,170	14,623,170	0	14,623,170	0		0	14,623,170	
Commercial Construction	857,207	0	0	0	857,207		0	0	
Parking	2,561,072	2,426,724	0	2,426,724	134,348		0	2,426,724	
Construction Contingency	1,828,145	1,733,182	0	1,733,182	85,853			1,733,182	
Contractor Overhead and Profit	2,203,550	2,087,966	0	2,087,966	115,584			2,087,966	
Local Development Impact Fees	282,000	287,207	0	282,000	0			282,000	
Local Permits/Fees	500,000	473,771		473,771	26,228			473,771	
Phase I/Asbestos/Toxics (land-related)	25,000	23,889	25,000	0	0			0	
Bond Premium	131,011	124,138		124,138	6,873			124,138	
Environmental Remediation	75,000	75,000	75,000	0	0			0	
Site Improvements/Landscape	250,000	236,886		236,886	13,114			236,886	
Architecture	1,400,000	1,326,559		1,326,559	73,441			1,326,559	
Survey & Geotechnical Studies	67,000	63,485		63,485	3,515			63,485	
Appraisal (land)	10,000	8,475	10,000	0	0		0	0	
Market Study	8,000	7,580					8,000		
Construction Supervision	100,000	94,754		94,754	5,246			94,754	
Relocation	100,000	100,000	100,000	0	0			0	
Prsdevelopment Interest	10,000	8,475	10,000	0	0			0	0
Construction Testing/Inspection	50,000	47,377	0	47,377	2,623			47,377	0
Construction Period Interest	1,330,550	1,260,752		831,880	51,590	347,100		931,860	0
Title/Recording/Esrow - Construction	10,000	8,475		8,475	525			8,475	0
Title/Recording/Esrow - Permanent	10,000	10,000					10,000		
Real Estate Taxes/Insurance During Const	142,000	134,551		109,855	7,449	24,696		109,855	0
Soft Cost Contingency	480,000	454,820		454,820	25,180			454,820	
Title/Recording/Esrow - Acquisition	10,000	10,000	10,000	0	0			0	0
TCAC Application/Monitoring Fee	45,023	45,023					45,023		
Legal: Acquisition	20,000	20,000	20,000	0	0			0	0
Construction Closing	20,000	18,951		18,951	1,048			18,951	0
Permanent Closing	20,000	20,000					20,000	0	
Organization of Parish	5,000	5,000					5,000	0	
Syndication	35,000	35,000	35,000						
Syndication Consulting	40,000	40,000	40,000					0	0
Audit/Cost Certification	20,000	20,000				20,000	0		
Furnishings	150,000	150,000		150,000	0			150,000	
Rent-Up Account	80,000	80,000				80,000			
Initial Deposit to Replacement Reserve	0	0	0						
Operating Reserve	253,027	253,027	253,027						
Services	5,000	5,000				5,000			
Property Management Start-Up Costs	25,000	25,000				25,000	0		
Archaeology	75,000	71,086	75,000	0	0			0	
Developer Fee	2,500,000	2,368,855		2,368,855	131,145			2,368,855	0
COSTS OF ISSUANCE/FINANCING FEES									
Lender Counsel	40,000	37,902					40,000	0	
Bond Counsel	40,000	37,902					40,000	0	
Issuer Fee (SFRA)	178,000	188,883					178,000		
Lender Drp. Fee	206,212	195,385		0			206,212	0	0
Lender Expenses	30,000	28,426				0	30,000	0	0
COLAC Fee	6,230	5,903					6,230		
Contingency	20,000	18,951					20,000		
Subtotal - Financing/Costs of Issuance	820,442	483,141	0	0	0	0	820,442	0	0
TOTAL DEVELOPMENT COSTS	31,378,207	29,733,882	1,153,027	27,563,840	1,551,078	501,796	608,465	27,563,840	0

TCAC DEVELOPER FEE CALCULATION

	CONST.	ACQ.	TOTAL
Maximum Potential TCAC Fee per Basic Formula	3,779,248	-	3,779,248
Percent of Total	100.00%	0.00%	100.00%
Maximum Allowable TCAC Fee (prioritized)*	2,500,000	-	2,500,000
MHP Allowed Fee	1,027,500	-	1,027,500
TCAC Allowed Fee	-	-	2,500,000
SFRA Allowed Fee	-	-	1,556,000
Fee Shown in Uses Budget	-	-	2,500,000
Difference Between TCAC & SFRA Dev. Fee (GP Contribution)	-	-	944,000
Difference Between SFRA & MHP Dev. Fee (Deferred Dev. Fee)	-	-	528,500

SFRA DEVELOPER FEE CALCULATION

Developer Admin	306,000
Unrestricted Dev. Fee	200,000
Restricted Dev. Fee	1,050,000
TOTAL	1,556,000

Broadway Apartments Proposed Financing Plan

I. Construction Financing - Construction financing is short-term financing during the construction period. This financing is typically in place at the beginning of construction and is repaid at the end of construction with permanent financing. Financing during this period of the project's development is necessary because certain lending institutions are only willing to put their financing in a project during the construction period. This minimizes their risk if they will be repaid after a 12-24 month construction period. For projects funded with Low Income Housing Tax Credits, tax credit investors typically pay their equity contribution (syndication proceeds) over the span of several years (2-7 years) and often not make a significant contribution until the project is operating in order to maximize their internal rate of return. As a result, projects must obtain a construction loan during the construction period and possibly a bridge loan to repay the construction loan until all syndication proceeds are received. This financing structure is used by lenders for affordable and market-rate housing nationwide.

1. Tax-Exempt Bonds - Construction Phase \$17,800,000

We have yet to determine the tax-exempt housing revenue bond financing provider and structure for this transaction. This will be determined prior to the January 2004 California Debt Limit Allocation Committee (CDLAC) application round. Due to rising interest rates, we are conservatively underwriting the construction period bond at a rate of 6.5% for a term of 23 months. This bond will essentially act as a construction loan and will be in place during the project's construction period. At permanent bond conversion, the bond will be repaid/taken out with the project's permanent bonds, California Department of Housing and Community Development's Multifamily Housing Program (MHP) funding, and tax credit equity.

2. City of San Francisco - Mayor's Office of Housing \$10,150,000

The City of San Francisco has committed \$10,150,000 in permanent financing to this project. \$6,000,000 is in the form of a grant from the Affordable Housing Bond Program that was passed by the voters in November 1996 and described under Board of Supervisor Resolution No. 463-00, File No. 000786 and Section 43.3 of the San Francisco Administrative Code. The remaining \$4,150,000 will be loaned to the project at a rate of 3% simple for a term of 55 years, of which \$3,611,166 is from the Affordable Housing Bond Program and \$538,834 is from the Jobs Housing Linkage Program as set forth in Section 313 of the San Francisco

Planning Code. Payments for both loans will be made on a residual receipts basis.

3. Affordable Housing Program \$430,000

Chinatown CDC expects to apply for \$430,000 in Federal Home Loan Bank's Affordable Housing Program (AHP) funds in 2004. This funding will be provided to the project as permanent financing and will be at a rate of 0% for a term of 30 years. This will be used to repay the construction-period bonds.

4. Costs Deferred during Construction \$832,037

A number of costs will be deferred until permanent loan closing, including some legal costs, California Tax Credit Allocation Committee (TCAC) monitoring fees, reserves, and a portion of the developer fee.

5. Deferred Developer Fee \$528,500

The project expects to defer \$528,500 of the developer fee. This will be paid back from project cash flow.

6. General Partner Contribution \$944,000

Chinatown CDC expects to put in the \$944,000 of their developer fee into the project as a General Partner (GP) capital contribution.

7. Net Syndication Proceeds \$693,670

The project is expected to receive a 4% equity pay-in during the project's construction phase. It is expected to be approximately \$693,670. These proceeds will be used to pay for construction-period expenses.

Total Construction Financing: \$31,378,207

II. Permanent Financing ~ Permanent financing is long-term financing that may be fully amortized for a period of at least 10 years if it is long-term debt or repaid through mechanism such as residual receipts to insure the affordability of the housing. Certain permanent financing sources cannot be used during

the construction period; therefore those sources are often used to repay construction-period loans.

- | | | |
|----|------------------|--|
| 1. | Tax-Exempt Bonds | Tranche A: \$2,705,022
Tranche B: \$1,056,603 |
|----|------------------|--|

As mentioned above, we have yet to determine the tax-exempt housing revenue bond financing provider and structure for this transaction. This will be determined prior to the CDLAC January application round. Due to rising interest rates, we are also conservatively underwriting the permanent period bonds. Both Tranche A and B bond issues will be fixed-rate bonds. The first bond is valued at \$2,705,022 and will be supported by the project's residential Net Operating Income (NOI), excluding the Section 8 subsidy. It will be for a term of 30 years at a rate of 7.00%. The second bond will function as a Section 8 increment bond (21 of the units will have project-based Section 8 from the San Francisco Housing Authority) at an amount equal to \$1,056,603 for a term of 10 years at a rate of 7.00%. These bonds are essentially loans that are repaid from the project's residential cash flow.

- | | | |
|----|---|--------------|
| 2. | City of San Francisco – Mayor's Office of Housing | \$10,150,000 |
|----|---|--------------|

Same as above.

- | | | |
|----|----------------------------|-----------|
| 3. | Affordable Housing Program | \$430,000 |
|----|----------------------------|-----------|

Same as above.

- | | | |
|----|---|-------------|
| 4. | HCD Multifamily Housing Program Funding | \$7,984,135 |
|----|---|-------------|

This project will apply for \$7,984,135 from California Housing and Community Development's (HDC) Multifamily Housing Program in October of 2003. This will function as a residual receipts loan at 3% simple for a term of 55 years. The program requires a mandatory interest payment of 0.42% per year. For this project, this equates to \$33,533 annually. This loan will be used to repay the construction-period bonds since it cannot be used during the construction period.

- | | | |
|----|------------------------|-----------|
| 5. | Deferred Developer Fee | \$528,500 |
|----|------------------------|-----------|

Same as above.

6.	General Partner Contribution	\$944,000
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Same as above.

7.	Net Syndication Proceeds	\$7,579,948
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The project is expected to receive a total net equity pay-in from the investor limited partner at the end of construction in the amount of \$7,579,948. This equity will be used to repay the construction-period bond.

Total Permanent Financing:	\$31,378,207
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MAYOR'S OFFICE OF HOUSING
CITY AND COUNTY OF SAN FRANCISCO

Attachment V

Page 1 of 2



WILLIE LEWIS BROWN, JR.
MAYOR

Daryl Higashi
DIRECTOR

DATE: September 9, 2003
TO: Salvador Sanchez
FROM: Joel Lipski
Teresa Yanga
RE: Broadway Family Apartments
File No. 03-1404

This memo responds to your inquiry – conveyed by phone message to Teresa Yanga regarding the transfer of Broadway Parcel #2 to Chinatown Community Development Center for the purposes of developing affordable housing in the site. Specifically you asked for the rationale for establishing \$500,000 as the appropriate price for pre-paying the 65-year lease.

There were two considerations involved in the determination that \$500,000 would be the cost of prepaying the long-term lease of the site: (1) financing the Mid-Embarcadero Roadway Project; and (2) financing the affordable housing to be built on the site. The goal was to find a price that was as low as possible in order to enhance the affordability of the housing as long as the price was enough in combination with other sources to pay for the Roadway Project.

These two objectives were adopted by the Board of Supervisors in the January, 1999 Resolution (No. 27-99) which found that the proceeds of the sale or lease of the other two Broadway Parcels transferred to the City by Caltrans subsequent to the demolition of the Embarcadero Freeway “together with the proceeds from the sale or lease of Broadway Parcel 2 at less than fair market value for the development of affordable housing, would provide the City with significant resources for the improvement of local street access comparable to that provided by the former Embarcadero Freeway, while enhancing the feasibility of developing such affordable housing.”

The first objective was successfully met insofar as the Embarcadero Roadway Project is now complete and its financing (including the projected \$500,000 for this site) was described in the Budget Analyst's memo to the Finance and Audits Committee pertaining to File No. 03-0729.

The second objective relates to how the below market transfer of land enhances a housing development's affordability.

A below market rate transfer or land value write-down of publicly-owned surplus land is a well-established means for local jurisdictions to accomplish their affordable housing goals. Land acquisition cost is one of the major components of a development budget. Reducing the land cost also reduces the amount of debt the project must carry. This in turn reduces the rental income the project must produce and makes possible rents that are accessible to households with lower incomes.

This form of subsidy is particularly useful in meeting the goal of geographically distributing affordable housing throughout the city and avoiding its concentration in traditionally low income

neighborhoods. This involves attempting to integrate affordable housing into areas where land values (and the cost of housing generally) are particularly high, such as the subject location, where the proximity to downtown, the Embarcadero, North Beach, and Chinatown result in extraordinarily high values, even for San Francisco. If full market rate is paid for land in such areas, the resultant development costs are generally so high relative to the citywide average as to make affordable rental housing development infeasible.

Item 23 - File 03-1426

Department: Controller

Item: Resolution establishing the City and County's Appropriations Limit for FY 2003-2004 pursuant to Article XIII B of the California Constitution.

Description: The proposed resolution would establish \$1,807,427,102 as the FY 2003-2004 adjusted Appropriations Limit for the City and County of San Francisco as required by Article XIII B of the California Constitution.

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the growth of appropriations from the proceeds of taxes of the State of California and local governments to the percentage change in population for the local governmental entity and the percentage change in the cost of living. The California Government Code requires that each local government establish its Appropriations Limit by resolution each year.

State Proposition 111, approved by the voters in June 1990, made several changes to Article XIII B (9) which are reflected in the City's computations. First, Proposition 111 redefined *change in the cost of living* as follows:

"Change in the cost of living" for an entity of local government, other than a school district or a community college district, shall be either (A) the percentage change in California per capita personal income from the preceding year, or (B) the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction. Each entity of local government shall select its change in the cost of living pursuant to this paragraph annually by a recorded vote of the entity's governing body.

According to the State Department of Finance, the percentage change in California per capita personal income as of January of 2003 as compared to January of 2002 results in a 2.31 percent increase. The Assessor's Office advises that the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local

BOARD OF SUPERVISORS

BUDGET ANALYST

nonresidential new contraction is 0.86 percent for FY 2003-2004 compared to FY 2002-2003. The proposed resolution specifies that the Appropriations Limit calculations pursuant to Article XIII B shall use the percentage change in cost of living as measured by the change in California per capita personal income as the measure of "*change in the cost of living*", rather than the percentage change in the local assessment role due to non-residential new construction from the previous year because the use of the change in the local assessment role would have resulted in a lower Appropriations Limit calculation.

Article XIII B permits an exclusion from appropriations subject to limitation for Voter-Approved indebtedness funded from the proceeds of taxes. Such Voter-Approved indebtedness funded from the proceeds of taxes for FY 2003-2004 totals \$89,909,368 according to the Controller.

Article XIII B as amended by Proposition 111 also states that appropriations subject to limitation do not include "*appropriations required to comply with mandates of the Courts or the Federal Government.*" In that regard, the Controller has identified that, for FY 2003-2004, \$3,251,479 will be expended by the City departments for costs related to toxic remediation required by the Federal Resource Conservation Act.

Article XIII B (9), as amended by Proposition 111, also permits an adjustment to exclude appropriations for "*Qualified Capital Outlay as defined by the legislature*" from proceeds of taxes. This results in a reduction of \$5,112,350 for FY 2003-2004, from appropriations of proceeds of taxes subject to the limit for Capital Outlay.

The Controller has computed the FY 2003-2004 Appropriations Limit for the City and County of San Francisco as shown on the following page (percentages and computed amount have been rounded by the Controller):

FY 2002-2003 Gross Appropriations Limit \$1,751,554,849

Adjusted by:

Increase in Cost of Living	2.31%
Increase in Population	0.86%

FY 2003-2004 Net Appropriations Limit \$1,807,427,102*

*1.0231 times 1.0086 equals 1.031899 times \$1,751,554,849.

The Controller's Office monitors revenues subject to the Appropriations Limit throughout each fiscal year. At year-end, as part of the annual financial audit, a final computation is prepared comparing actual proceeds of taxes to the Appropriations Limit. At the time, two tests must be met, First, all actual proceeds of taxes must be below the Appropriations Limit; and second, all actual proceeds of taxes collected must be appropriated. If either test is not met, according to Article XIII B, excess revenues collected must be returned to the taxpayers within years.

As calculated by the Controller, the amount appropriated in the City's FY 2003-2004 budget that is subject to the Appropriations Limit is \$1,537,860,737 which is \$269,566,365 less than the net FY 2002-2003 Appropriations Limit of \$1,807,427,102. In accordance with the Administrative Provisions of the Annual Appropriation Ordinance, any FY 2003-2004 tax proceeds in excess of current estimates will be appropriated to the City's General Fund General Reserve, which is used as a revenue source (a) to fund supplemental appropriations during the current fiscal year, and (b) to fund the City's budget for the next fiscal year.

Recommendation: Approve the proposed resolution.

Item 24 - File 03-1499

Department: Municipal Transportation Agency (MTA)
Municipal Railway (Muni)

Item: Resolution authorizing a leveraged lease-leaseback transaction (Tranche 2) for up to 21 Breda Light Rail Vehicles. The proposed resolution approves various agreements, required to execute the proposed transactions, which are on file with the Clerk of the Board. The proposed resolution further (a) approves the indemnification of various parties, (b) acknowledges the waiver of the City's right to a jury trial under certain circumstances, (c) acknowledges proposed waiver requirements pursuant to Sections 12b.5-1(d) and 13C.5-1(d) of the Administrative Code, (d) approves and authorizes the execution and delivery of the documents necessary to implement the proposed resolution, and (e) ratifies and approves any action taken in connection with the transaction contemplated by the proposed resolution, and related matters.

Description: In June of 2001, the Municipal Transportation Agency authorized the Director of Transportation to solicit proposals from potential investors to participate in a leveraged lease-leaseback financing transaction for up to 150 Breda Light Rail Vehicles (LRVs). The lease-leaseback financing transaction was divided into two parts, called "tranches". In April of 2002, the Board of Supervisors approved a resolution, authorizing Tranche 1 of the proposed leverage lease-leaseback transaction for up to 118 out of a total of 151 Breda LRVs (File 02-0410). Tranche 1 resulted in total one-time actual revenues to Muni of \$35,506,484. Muni has a supplemental appropriation ordinance pending before the Board of Supervisors in the amount of \$35,506,484 for one-time capital projects to be funded by the one-time revenues generated by the Tranche 1 lease-leaseback transaction (File 03-0244).

The proposed resolution would implement Tranche 2 of the leveraged lease-leaseback transaction. Under the proposed Tranche 2 lease-leaseback transaction, Muni would transfer the "tax ownership" of up to an additional 21 Breda LRVs out of the remaining 33 Breda LRVs (151 less 118) to a private

investor. This private investor, known as the Equity Investor, is Wells Fargo Bank Minnesota, N.A. Such a transfer of tax ownership would allow the private investor to depreciate the light rail vehicles and deduct interest and transaction-related expenses on its Federal income tax returns and thereby defer payment of Federal income taxes. In exchange for this benefit, the Equity Investor would pay Muni a one-time estimated cash payment of \$6,000,000.

Through the proposed transaction, Muni would lease up to 21 Breda LRVs that it currently owns to a Trust established by the Equity Investor. The Trust would pre-pay Muni a lump sum representing the present value of the lease payments over the life of the lease, under the Head Lease agreement (with Muni as Lessor and the Trust as Lessee). The lump-sum payment would total \$72,555,000, and consist of approximately \$15,235,000 in an equity contribution to the Trust by the Equity Investor and a loan from a private lender (FSA Global Funding Limited) to the Trust of approximately \$57,320,000. The Trust would, in turn, sublease the vehicles back to Muni. The sublease would have a term of approximately 28 years.

\$66,555,000 of the \$72,555,000 would be deposited into two escrow accounts. \$57,320,000 of the \$66,555,000 would be deposited into an escrow account for the repayment of the loan and \$9,235,000 would be deposited into an equity escrow account. According to Ms. Virginia Harrington of Muni, the funds deposited into the two escrow accounts, combined with investment income earned on those funds, are designed to be sufficient to make all sublease payments, including the purchase option payment (see Comment 3). The sublease payments include repayment of the estimated \$57,320,000 loan and repayment of the estimated \$15,235,000 equity contribution.

Muni would retain the balance of an estimated \$6,000,000 in net revenues (\$72,555,000 less \$66,555,000) as one-time revenues resulting from the proposed leveraged lease-leaseback transaction (see Comment 10).

Comments:

1. Under File 02-0410, as previously approved by the Board of Supervisors, Muni would have been required to pay various legal firms, City departments, and other parties a projected \$1,670,000 in "broken deal" expenses if the Board of Supervisors or the Mayor had not approved implementation of Tranche 1 of the leveraged lease-leaseback transaction. As noted in the attached memorandum (Attachment I), provided by Muni, in preparation for Tranche 2, Muni negotiated with the other parties to the transaction to minimize the broken deal costs. Under the proposed Tranche 2, Muni will be obligated to pay certain broken deal costs up to approximately \$390,000, including (a) up to \$200,000 for Muni's outside counsel fees if the transaction fails to close under certain circumstances, as discussed in detail in Attachment I, (b) up to \$40,000 for outside counsel hired by the City Attorney, and (c) up to \$150,000 for expenses incurred by City staff, including City Attorney, Mayor's Office of Public Finance, and Muni staff time. According to Attachment I, "Muni would be obligated to pay Orrick's (Muni's outside counsel's) fees incurred in the preparation of the transaction if the transaction does not close due to a lack of local legislative approval".

2. Ms. Harrington advises that the actual one-time revenue benefit to Muni under the proposed Tranche 2 may be more or less than the estimated \$6,000,000, depending upon interest rates on the closing date of the transaction. According to Ms. Harrington, the actual amount of the one-time revenue benefit to Muni will depend upon the interest rate when the transaction closes, which Muni expects will occur by September 26, 2003, if this resolution is approved by the Board of Supervisors. Ms. Harrington states that the estimate of \$6,000,000 under Tranche 2 assumes an interest rate of approximately 6.05 percent for the investment of the \$9,235,000 portion of the lump-sum payment to be deposited into the equity escrow account.

3. Ms. Harrington states that the estimated \$66,555,000 to be deposited into two separate escrow accounts would fund the scheduled sublease payments to be made by Muni to the Trust. Ms. Harrington also advises that Muni has the option to purchase the 21 LRVs at the end of the sublease term in approximately 28 years for \$47,200,000. As noted previously,

Ms. Harrington states that the funds deposited into the two escrow accounts, combined with investment income earned on those funds, are expected to be sufficient to meet Muni's scheduled sublease payment obligations under the proposed leveraged lease-leaseback transaction and the purchase option payment, if exercised. Ms. Harrington further states that the purchase option will be automatically exercised unless Muni does not choose to exercise the option.

4. Ms. Harrington advises that \$9,325,000 of the \$66,555,000 deposited into the two escrow accounts would be invested in U.S. government full faith and credit-backed obligations or U.S. government agency securities. \$57,320,000 of the \$66,555,000, which represents the loan received from the lender to the Trust, would be placed with a Debt Payment Undertaker, Premier International Funding Co., under a payment agreement guaranteed by Financial Security Assurance, Inc (FSA), an AAA rate municipal bond insurer who has insured several of the City's bond issues.

5. According to Ms. Harrington, the City would be the signatory to the proposed transaction. Muni would bear the financial risks of the transaction, since Muni would receive the financial benefits of the transaction, estimated to be \$6,000,000 in one-time revenues. Under the proposed leverage lease-leaseback transaction, Muni would obtain a "strip surety policy", from FSA, which would guarantee payments to the Equity Investor if the transaction were terminated before the end of the 28-year lease and if funds deposited in the escrow accounts were insufficient to meet the City's obligations under the sublease. According to Ms. Harrington, FSA could then seek recourse from Muni. With regard to the City's potential financial risks, Mr. Mark Blake of the City Attorney's Office advises that based upon the structure of the proposed transaction, the City's General Fund monies would not be liable if this proposed resolution is approved by the Board of Supervisors.

6. Ms. Harrington advises that Muni would continue to be responsible for the operating costs of the 21 Breda LRVs. These costs would include the usual maintenance and repair costs as well as vehicle casualty insurance coverage.

7. Ms. Harrington advises that the Equity Investor (Wells Fargo), the proposed lender (FSA Global Funding Limited), and the guaranty surety provider (Financial Security Assurance, Inc.) were selected through a competitive bid process. Ms. Harrington advises that Muni selected Wells Fargo as the Equity Investor, since Wells Fargo offered the highest economic return to Muni for the proposed Tranche 2 transaction. Ms. Harrington further states that the lender and the guaranty surety provider were selected because they were the lowest bidders.

8. When the Board of Supervisors approved Tranche 1 (File 02-410) in April of 2002, the Board amended the resolution to state that (a) any changes, additions, or modifications by the Mayor, or his designee, who according to Ms. Harrington, would be the Executive Director of the Municipal Transportation Agency, should not substantially alter the agreements as approved by the Board of Supervisors, and (b) any agreements or actions taken by the officers and agents of the City with respect to the transaction should result in a transaction that is substantially the same as that approved by the Board of Supervisors. Such language is included in the subject resolution, File 03-1499, for the proposed Tranche 2.

9. Under the proposed resolution, the parties to the proposed transaction would not be required to comply with the non-discrimination provisions of Administrative Code Sections 12B and 12C. According to Ms. Harrington, three of the parties are not in compliance, including the lender (FSA Global Funding Limited), and the payment undertaker (Premier International Funding Co.). Ms. Harrington states that the Trustee (U.S. Bank National Association) is in process of complying with the Administrative Code provisions and has filed with the Human Right Commission. The Equity Investor (Wells Fargo) is in compliance with the Administrative Code provisions.

10. As shown in Attachment II, the expenses related to the proposed transaction are estimated to be \$2,120,299, and include the costs of the surety guaranty premium, legal counsel, lender's fees, financial advisory services, appraisal fees, and Trustee costs. Ms. Harrington advises that the

estimated \$6,000,000 in the one-time revenue benefit to Muni is net of the estimated expenses of \$2,120,299.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Municipal Transportation Agency City and County of San Francisco

To: Members of Finance Committee
Board of Supervisors

From: Michael T. Burns
Executive Director
Municipal Transportation Agency

Virginia Harrington
Deputy General Manager, Finance and Administration

Date: September 10, 2003

Subject: Attorneys' Fees for the Proposed Muni Lease-Leaseback Transaction

The purpose of this memorandum is to provide the Finance Committee with additional information regarding the topic of Muni's fees for outside counsel, Orrick, Herrington & Sutcliffe (Orrick), associated with the San Francisco Municipal Railway's proposed leveraged lease-leaseback transaction involving 21 of its Breda light rail vehicles (Breda Tranche 2). This memo will supplement the information provided to the Budget Analyst.

In connection with Muni's original lease-leaseback transaction involving 118 Breda light rail vehicles, Muni was obligated to pay certain legal fees, appraisal fees and other costs (known as "broken-deal" costs) in the event that the transaction was not successfully completed. This arrangement raised a concern among the members of the Board of Supervisors and the Budget Analyst; the Board did, however, approve the transaction, including these costs, in April 2002.

In preparation for Breda Tranche 2, Muni staff negotiated with other parties to the transaction to minimize these costs. The equity investor for Breda Tranche 2, Wells Fargo Bank Minnesota N.A., has agreed to pay all costs other than Muni's expenses for its own advisors. In the event that the transaction does not close, Muni will only be obligated for customary business expenses (staff time, City Attorney time), as well as the fees for Orrick under certain circumstances, as discussed below.

Prior to the July 21, 2003 meeting of the Land Use Committee, at which the Committee approved Muni's request for authorization to proceed with this transaction, Muni staff discussed a fee arrangement with Orrick in which Orrick would be paid for its work on the Breda Tranche 2



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Municipal Transportation Agency City and County of San Francisco

transaction on the following basis: either (1) a fee of up to \$200,000 for hours worked regardless of the outcome of the transaction or (2) a fee of \$300,000 if the transaction closed successfully, but no fee if the transaction failed to close. Keeping in mind the Board of Supervisors' concern about broken-deal costs, Muni forwarded a go-ahead resolution to the Land Use Committee in which Muni chose option (2), paying the higher fee, but with no costs in the event of a "broken deal." After deliberation, the Land Use Committee preferred option (1) and directed Muni to proceed with the \$200,000 cost ceiling, but with the obligation to pay hourly expenses regardless of the success of the transaction. The full Board of Supervisors approved the amended resolution on July 29, 2003.

Subsequent to July 29, Muni's City Attorney was able to negotiate an improved arrangement with Orrick. Maintaining the \$200,000 ceiling, the new arrangement provides for certain circumstances under which Muni would not be obligated to pay Orrick's fees even in the event that the transaction fails to close. Muni is not obligated to pay Orrick's fees in the event that (i) Muni does not obtain a sufficiently high benefit as a result of this transaction, or (ii) Federal or state tax law changes occur which have an adverse effect on the economic viability of the transaction. Muni would be obligated to pay Orrick's fees incurred in the preparation of the transaction if the transaction does not close due to a lack of local legislative approval. In that event, Muni would pay 70% of Orrick's hours billed, keeping in mind that the maximum cost for Orrick shall not exceed \$200,000.

We hope that this memorandum helps to clarify this issue.



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MUNI
Second Tranche

Estimated Transaction Expenses - Breda Tranche 2

Equipment Cost	\$72,555,000	100.00%
	<i>Projected</i>	<i>% of e.c.</i>
MBRM	250,000	0.34%
MBRM out of pockets	10,000	0.01%
Fulbright & Jaworski LLP	40,000	0.06%
Trustee & Collateral Custodian Accounts (1 trust)	30,000	0.04%
Trustee counsel	10,000	0.01%
Lender/PUA Fees (25 bps of max loan amt)	125,000	0.17%
Lender/Surety/PUA Counsel	100,000	0.14%
Lender/Surety/PUA Counsel out of pockets	5,000	0.01%
Lender Cayman Counsel - Maples & Calder	15,000	0.02%
Surety Bond Premium (30 bps)	655,568	0.90%
Appraiser (American Appraisal)	50,000	0.07%
Transportation Consultant	60,000	0.08%
Miscellaneous	50,000	0.07%
Max. Expenses paid by Wells:	\$1,400,568	1.93%
 Expenses paid by Muni:		
Lessee counsel (Orrick)	\$200,000	0.28%
Lessee counsel (Lofton)	40,000	0.06%
Lessee Advisors	329,731	0.42%
Property Insurance Premium	-	0.00%
City Services (City Attorney, Finance)	150,000	0.21%
Total Estimated Expenses (Muni):	\$719,731	0.99%
 Total Estimated Expenses:	\$2,120,299	2.92%

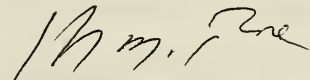
Item 25 - File 03-1489

Department: Public Utilities Commission (PUC)
Hetch Hetchy

Item: Resolution authorizing the expenditure of funds for emergency repairs of the Early Intake Switchback Road at Hetch Hetchy, at an estimated cost of \$2,000,000.

Comment: In order to provide the additional information requested by the Budget Analyst, Ms. Tracy Cael of the PUC is requesting that the Finance and Audits Committee continue the proposed resolution to the Finance and Audits Committee meeting of September 24, 2003.

Recommendation: Continue the proposed resolution in accordance with the PUC's request.


Harvey M. Rose

cc: Supervisor Peskin
Supervisor Sandoval
Supervisor McGoldrick
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 544-5227

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Meeting Agenda

NOTICE OF PUBLIC HEARING

Finance and Audits

FINANCE AND AUDITS

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN to the general public that the Finance and Audits will hold a public hearing on **September 24, 2003 at 12:30 p.m.**, in Room 263 at City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California to consider the following:

File: 030869 Ordinance amending the SF Health Code by adding Article 19H to require a permit for tobacco sales and amending the San Francisco Business and Tax Regulations Code by adding section 249.16 to set the fee for the tobacco sales permit.

This legislation authorizes a new fee of \$300 annually which pays for a permit to sell tobacco products and provides for suspension or revocation of the permit if the retailer violates local, state, or federal laws related to tobacco.

Data in support of the proposed fee is available in the above-mentioned file of the Clerk of the Board of Supervisors ten days prior to the hearing.

For more information regarding the above, telephone (415) 554-5184 or write to Clerk's Office, Board of Supervisors, Room 244, City Hall, San Francisco, CA 94102.

Persons who are unable to attend the hearing may submit written comments regarding this matter prior to the beginning of the hearing. These comments will become part of the official public record.

Gloria L. Young, Clerk of the Board

Posted: September 10, 2003



City and County of San Francisco

Meeting Minutes

Finance and Audits Committee

Members: Aaron Peskin, Gerardo Sandoval and Jake McGoldrick

Clerk: Linda Laws

[All Committees]
Government Document Section
Main Library

Wednesday, September 24, 2003

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Gerardo Sandoval, Jake McGoldrick.

MEETING CONVENED

DOCUMENTS DEPT.

The meeting convened at 12:40 p.m.

OCT - 1 2003

SAN FRANCISCO
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REGULAR AGENDA

030869 [Tobacco Sales Permit]
Supervisor Maxwell

Ordinance amending the San Francisco Health Code by adding Article 19H to require a permit for tobacco sales and amending the San Francisco Business and Tax Regulations Code by adding section 249.16 to set the fee for the tobacco sales permit.

5/13/03, RECEIVED AND ASSIGNED to Finance and Audits Committee. 9/13/03, 9/20/03 Dates Publication of Fee Ad

8/19/03, REFERRED TO DEPARTMENT. Referred to Planning Department for environmental review.

8/22/03, REFERRED TO DEPARTMENT. Referred to Small Business Commission for comment and recommendation.

8/25/03, RESPONSE RECEIVED. Statutorily exempt from CEQA Guidelines Section 15273(a), Rates, Tolls, Fares and Charges; exempt from CEQA Guidelines Sections 15060(c)(3) and 15378, Non-physical exemption.

Speakers: None.

Continued to 10/8/03.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031498 [Authorizing issuance/sale of bond refunding the City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax Judgment)]**Mayor**

Resolution authorizing and directing the sale of not to exceed \$50,500,000 City and County of San Francisco Refunding Settlement Obligation Bonds, Series 2003-R1; prescribing the form and terms of said bonds, authorizing the execution, authentication and registration of said bonds; providing for an annual appropriation to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the form of the Official Notice of Sale and the Notice of the Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving the form of the Refunding Instructions; approving modifications to the documents approved herein; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

8/26/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Speakers: None.

Continued to 10/1/03.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031253 [Contracting out Convention Facilities management, operation and maintenance services]

Resolution concurring with the Controller's certification that Convention Facilities management, operation and maintenance services can be practically performed at Bill Graham Civic Auditorium and the Moscone Center by private contractor for a lower cost than similar work services performed by City and County employees. (Administrative Services Department)

7/23/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

8/20/03, CONTINUED. Heard in Committee. Speakers: Todd Rydstrom, Controller's Office; John Noguchi, Department of Administrative Services; Ted Lakey, Deputy City Attorney.

Continued to 9/17/03.

8/22/03, REFERRED TO DEPARTMENT. Referred to Small Business Commission for comment and recommendation.

9/17/03, CONTINUED. Speakers: None.

Continued to 9/24/03

Heard in Committee. Speakers: Jack Moerschbaeche, San Francisco Convention Facilities; Ted Lakey, Deputy City Attorney.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031307 [Extending provisional appointments]

Resolution approving extension to June 30, 2004 of provisional appointments of employees in classifications 1270 Departmental Personnel Officer, 1272 Senior Departmental Personnel Officer, 1458 Legal Secretary I, 1460 Legal Secretary II, 1820 Junior Administrative Analyst, and 1932 Assistant Storekeeper. (Human Resources Department)

(No Public Benefit Recipient.)

7/24/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

9/17/03, CONTINUED. Speakers: None.

Continued to 9/24/03.

Heard in Committee. Speaker: Marsha Stroope, Department of Human Resources.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031489 [Emergency Repairs]

Resolution authorizing the expenditure of funds for emergency repairs of the Early Intake Switchback Road at Hetch Hetchy, at an estimated cost of \$2,000,000. (Public Utilities Commission)

(No Public Benefit Recipient.)

8/29/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

9/17/03, CONTINUED. Speakers: None.

Continued to 9/24/03.

Heard in Committee. Speakers: Steve Maiolini, Male Speaker, Jeet Bajwa, SF Public Utilities Commission. 9/24/03 Amend the title on page 1 line 3 after "authorizing" add ", retroactively,". At page 2 line 21 after "the" add "retroactive".

AMENDED.

Resolution authorizing, retroactively, the expenditure of funds for emergency repairs of the Early Intake Switchback Road at Hetch Hetchy, at an estimated cost of \$2,000,000. (Public Utilities Commission)

Supervisor McGoldrick dissenting in Committee.

(No Public Benefit Recipient.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Peskin, Sandoval

Noes: 1 - McGoldrick

031517 [Agreement to Sell 418-420 Jessie Street]

Resolution approving and authorizing an agreement with Martin McNeerney Development, Inc. dba Martin Building Company, Inc. for the sale of real property consisting of a former fire station on the first and second floors and vacant warehouse space on the upper six floors, for a purchase price of \$2,900,000; finding that competitive bidding is impractical or impossible; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution. (Real Estate Department)

(Public Benefit Recipient.)

9/3/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speaker: Steve Legnitto, Department of Real Estate.

Continued to 10/8/03.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Conference with City Attorney

[Convene in Closed Session - Existing Litigation - City as Plaintiff and/or Defendant]

Motion that the Finance and Audits Committee of the Board of Supervisors convene in closed session with the City Attorney for the purpose of conferring with, or receiving advice from, the City Attorney regarding the following existing lawsuits and claims in which proposed settlements are being considered by the Committee. Government Code 54956.9(a) and San Francisco Administrative Code Section 67.10(d) permit this closed session. Discussion in open session concerning these matters would likely and unavoidably prejudice the position of the City in the pending lawsuits and/or claims listed below.

Unanimous vote to convene in closed session by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031525 [Agreement for Tolling of Statute of Limitations Governing Lawsuit]

Resolution approving the City Attorney's entry into a tolling agreement governing suit by plaintiff Natasha Madaris entitled *Natasha Madaris v. San Francisco Unified School District and City and County of San Francisco*, Case No. 417-848. (City Attorney)

9/5/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

Heard in Committee. Speaker: Cheryl Adams, Deputy City Attorney.

RECOMMENDED.. by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

Report on Closed Session

Deputy City Attorney Ted Lakey reported that the Finance and Audits Committee has met in closed session with the City Attorney, under the provisions of Government Code Section 54956.9 (a) and Administrative Code Section 67.8 (3), for the purpose of conferring with, or receiving advice from, the City Attorney regarding settlements in the lawsuits or claims listed above.

[Elect Not to Disclose]

Motion that the Committee finds that it is in the best interest of the public that the Committee elect at this time not to disclose its closed session deliberations concerning the anticipated litigation listed above.

Unanimous vote not to disclose discussion to the public by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

ADJOURNMENT

The meeting adjourned at 1:38 p.m.

CITY AND COUNTY



OF SAN

[Budget Analyst Report]
Susan Hom
Main Library-Govt. Doc. Section

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

September 18, 2003 DOCUMENTS DEPT.

TO: Finance and Audits Committee

SEP 22 2003

FROM: Budget Analyst

SAN FRANCISCO
PUBLIC LIBRARY

SUBJECT: September 24, 2003 Finance and Audits Committee Meeting

Item 1 - File 03-0869

Note: This report is based on amendments that will be introduced at the Finance and Audits Committee's meeting of October 8, 2003.

Department: Department of Public Health (DPH)

Item: Ordinance amending the San Francisco Health Code by adding Article 19H to require a permit for tobacco sales and amending the San Francisco Business and Tax Regulations Code by adding Section 249.16 to set the fee for the tobacco sales permit.

Description: State law prohibits the sale or furnishing of cigarettes, tobacco products and smoking paraphernalia to minors, as well as the purchase, receipt, or possession of tobacco products by minors. State law also prohibits public school students from kindergarten through grade twelve from smoking or using tobacco products while on campus, attending school-sponsored activities, or under the supervision or control of school district employees. State law further prohibits smoking in any enclosed space at a "place of employment". Moreover, San Francisco has adopted tobacco related ordinances that (a) ban cigarette vending machines in the City (San Francisco Health Code Section 1009.1), (b) prohibit the self-service merchandising of tobacco products, except in places to which access by minors is prohibited by law (San Francisco Police Code Section 4600.3), and (c)

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BUDGET ANALYST

prohibit smoking in buildings and enclosed structures, and sports stadiums (San Francisco Health Code Section 1009.22).

The proposed ordinance would provide for City to regulate establishments engaged in the sale of tobacco products, through the requirement that such establishments possess a tobacco sales permit, to ensure that such establishments are in compliance with Federal, State and local tobacco laws. An establishment is defined as a store, stand, booth, concession or other enterprise that engages in the retail sale of tobacco products.

Currently, the San Francisco Municipal Code does not require establishments engaging in the sale of tobacco products to obtain tobacco sales permits from the City. The proposed ordinance would amend the Health Code by adding Article 19H, which would:

- Require that all establishments selling tobacco products obtain a permit from the Department of Public Health (DPH), for each location where tobacco sales are conducted;
- Allow the DPH to suspend or revoke the tobacco sales permit if the establishment violates local, State, or Federal laws related to tobacco;
- Establish an application procedure to apply for a tobacco sales permit;
- Establish an application fee of \$50 per application for the initial inspection and processing of the application;
- Establish an annual tobacco sales permit fee.

The proposed ordinance would also amend the Business and Tax Regulations Code by adding Section 249.16, which would set the annual tobacco sales permit fee at \$175.

Mr. Jack Breslin of the DPH states that the DPH currently performs activities such as reviewing permit applications, issuing required permits, conducting routine and follow up inspections, and providing outreach to businesses for establishments that sponsor or conduct food or beverage sales or distributions, through its Environmental Health Section's Food Program, which would also be responsible for

administering and regulating the proposed tobacco sales permits.

Comments:

1. Attachment I, provided by the DPH, contains the total projected annual expenditures and total projected annual revenues related to the annual \$175 permit fee, based on an estimated 1,000 establishments which sell tobacco products in San Francisco. As shown in Attachment I, the total DPH projected annual administrative costs are \$176,756 as compared to the projected annual permit fee revenues of \$175,000.

2. The proposed ordinance, in addition to setting an annual permit fee of \$175, would also set a one-time non-refundable application fee for the initial inspection and processing of the application. Attachment II provided by the DPH contains the one-time projected DPH administrative costs related to the application fee of \$50,720 as compared to the projected one-time application fee revenues of \$50,000, again based on 1,000 establishments.

3. Mr. Breslin reports that the DPH anticipates completing the initial inspection and processing of the estimated 1,000 applicants within one year subsequent to approval of the proposed ordinance by the Mayor and the Board of Supervisors.

4. If the proposed ordinance is approved, Mr. Jim Gillen of the DPH estimates that the DPH would collect a maximum of \$225,000 in the first year, including \$175,000 from annual permit fee revenues plus \$50,000 from one-time application fee revenues, based on 1,000 establishments selling tobacco products in San Francisco.

5. The Office of the Sponsor of the proposed ordinance has advised that a request has been made to continue this item to the October 8, 2003 Finance and Audits Committee meeting.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

TOBACCO SALES PERMIT - ANNUAL PERMIT FEE

6120/6122 Sr. Environmental Health Inspector 0.70383 FTE @ \$82,711 Annual Salary	\$58,214
1426 Senior Clerk Typist 0.45046 FTE @ \$47,685 Annual Salary	21,480
6124 Pr. Environmental Health Inspector 0.05630 FTE @ \$95,343 Annual Salary	5,368
6127 Asst. Director 0.05630 FTE @ \$103,513 Annual Salary	5,828
1022 Information Systems Administrator 2 0.26745 FTE @ \$67,260 Annual Salary	<u>17,989</u>
Total Salaries	\$108,879
Fringe Benefits @ 25 percent	27,220
Environmental Health Section Overhead (based on \$10,887 per FTE cost x 1.53435 FTEs required for subject program)	16,704
Department of Public Health Overhead @ 22 percent	<u>23,953</u>
TOTAL	\$176,756

DPH STAFF JOB DESCRIPTIONS

CCSF JOB CLASS	6120/6122 Sr. Environmental Health Inspector	1426 Senior Clerk Typist	6124 Pr. Environmental Health Inspector	6127 Asst. Director	1022 Information Services Admin 2	Total Hours
Routine Inspections	800					800
Complaint Inspections	150					150
Directors Hearings	300	100	100	100		600
Citations		200				200
Data Records, Analysis and Reports					475	475
General Administrative Support		500				500
Total Hours	1250	800	100	100	475	2725

WORKLOAD DESCRIPTION *based on an estimated 1000 Establishments

Work	Units	Explanation
Routine Inspections	2000 inspections annually	Routine inspections are conducted of all retail establishments to confirm compliance with State and Local Health codes. The DPH would conduct two routine inspections per unit, or 2000 (1000 units x 2) inspections. The routine inspections would require a total of approximately 800 DPH staff hours annually.
Complaint Inspections	300 inspections annually	Complaint inspections are conducted to determine if alleged violations of applicable codes are present. The DPH estimates that approximately 30 percent of the total establishments would require complaint inspections. The complaint inspections would require a total of approximately 150 DPH staff hours annually.
Directors Hearings	200 hearings annually	Directors of Public Health Hearings are conducted on a monthly basis for the purpose of determining if Permits to Operate, issued by the Health Department are to be suspended or revoked, or other administrative action provided for in law, because of observed violations that constitute a hazard to public health and a violation of Health Code. The estimate is based on surveillance data of the Tobacco Free Project of the DPH data. The directors hearings would require a total of approximately 600 DPH staff hours annually.
Citations	200 citations annually	Citations are a mandatory summons issued to the owners of permitted establishments announcing the date and time a hearing has been scheduled to consider suspension, revocation of other administrative action is warranted because of code violations. The estimate is based on violation data previously collected. The citations would require a total of 200 DPH staff hours annually.
Data Records, Analysis and Reports	N/A	Data records, analysis and reports are information collected and assembled by the Management Information Staff of the Environmental Health Section. This would require a total of 475 DPH staff hours annually.
General Administrative Support	N/A	General administrative support would include clerical and miscellaneous administrative service time. This would require a total of 500 DPH staff hours annually.

REVENUES

APPLICATION FEE (ONE-TIME):

1,000 establishments x \$50 = \$50,000

ANNUAL PERMIT FEE: 1,000 establishments x \$175 = \$175,000

COST RECOVERY: 99 percent

APPLICATION FEES - COSTS

CLASS	TITLE	ANNUAL SALARY	REQUIRED HOURS	FTE	ONE-TIME COST
1022	Information Systems Administrator 2 Creates Database for annual permit billing	82,711	320 (0.4 per establishment)	0.18018	14,903
1426	Senior Clerk - Typist Prepares listing of establishments for Information Systems Administrator, based on information from Inspector	47,685	250 (0.25 per establishment)	0.14077	6,713
6120	Environmental Health Inspector Initial Inspection for each establishment	67,260	250 (0.25 per establishment)	0.14077	9,468
SUBTOTAL SALARIES					31,084
FRINGE BENEFITS @ 25%					7,771
ENVIRONMENTAL HEALTH OPERATING COSTS (based on \$10,887 per FTE cost x .46172 FTE required for fee)					5,027
DEPARTMENT OF PUBLIC HEALTH INDIRECT COSTS @ 22%					6,838
TOTAL ONE-TIME COST FOR APPLICATION FEE PROCESSING					50,720

REVENUE PROJECTION AND COST RECOVERY

1000 Estimated Establishments
\$50 One-Time Application Fee

\$1000 x \$50 = \$50,000 Estimated One-Time Revenue

Cost Recovery - 98.58%

Item 2 - File 03-1498

Item: Resolution authorizing and directing the sale of not to exceed \$50,500,000 San Francisco General Fund Refunding Settlement Obligation Bonds, Series 2003-R1; prescribing the form and terms of said bonds, authorizing the execution, authentication and registration of said bonds; providing for an annual appropriation to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the form of the Official Notice of Sale and the Notice of the Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving the form of the Refunding Instructions; approving modifications to the documents approved herein; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

Amount: Not to exceed \$50,500,000

Source of Funds: General Fund Refunding Settlement Obligation Bonds, Series 2003-R1

Description: The proposed resolution would authorize the City to issue an amount not to exceed \$50,500,000 in Refunding Settlement Obligation Bonds, Series 2003-R1, to refund Settlement Obligations Bonds, Series 2001.

The Board of Supervisors previously authorized the issuance of \$60,755,000 in Settlement Obligations Bonds, Series 2001, of which \$49,470,000 is outstanding. These Settlement Obligation Bonds were issued to pay for certain judgements resulting from legal claims made against the City's Business Tax Structure.

The proposed refunding Bonds Series 2003-R1 would refund up to \$49,470,000 in outstanding bonds for the Settlement Obligations Bonds, Series 2001. However, according to Ms. Karen Ribble of the Mayor's Office of

Public Finance, it is unlikely that it would be economical for the City to refund the entire \$49,470,000 in outstanding principal. Ms. Ribble adds that it is expected that only \$43,960,000 would be refunded due to current economic conditions (See Comments Nos. 1 and 4). Ms. Ribble states that issuance of the proposed Refunding Settlement Obligation Bonds, Series 2003-R1, in an amount to refund \$43,960,000 would result in total estimated net present value savings in aggregate debt service of \$1,318,750 to the General Fund, as shown in Attachment I, provided by the Mayor's Office of Public Finance.

Comments:

1. Ms. Ribble states that the estimated par amount of the proposed Refunding Settlement Obligation Bonds, Series 2003-R1 required to refund the \$43,960,000 would be \$44,900,000. According to Ms. Ribble, the subject Bond proceeds will be used to pay (a) the underwriter's fee, (b) other costs of bond issuance, (c) pay the bond insurance premium, and (d) fund the required debt service and refund the Settlement Obligations Bonds, Series 2001, as shown in Attachment I. The authorization of \$50,500,000, as stated in the proposed resolution, is \$5,600,000 or 12.5 percent more than the estimated amount needed of \$44,900,000.
2. Ms. Ribble states that because current market conditions are volatile and not currently conducive to refunding, it is not possible at this time to be certain of the exact sale date for the proposed bonds. The proposed resolution vests authority to determine the sale date with the Director of Public Finance.
3. According to Ms. Ribble, the existing Series 2001 Bonds have interest rates between 3.0 and 4.0 percent, and were issued with a nine-year and seven and one-half month term, with a final payment date of March 15, 2011. Ms. Ribble states that interest rates for the proposed Refunding Settlement Obligation Bonds, Series 2003-R1 are estimated to range from 1.10 percent to 3.09 percent and would have a seven year and five and one-half month term, with the final payment on March 15, 2011. As previously noted, the proposed Refunding Settlement

Obligation Bonds will result in an estimated total net present value savings of \$1,318,750.

4. According to Ms. Ribble, the Refunding Bonds would only be issued if a savings rate of 3 percent of the estimated \$43,960,000 principal amount to be refunded could be achieved, which is a savings of \$1,318,800. As previously noted, the Settlement Obligation Bonds Series 2001 have an outstanding principal balance of \$49,470,000. According to Ms. Ribble, the additional principal amount of \$5,510,000, (\$49,470,000 less \$43,960,000) which matures on March 15, 2004, would not be refunded because it would be not result in additional debt service savings for the City unless bond market interest rates were to decrease significantly from current levels. Therefore, the Budget Analyst recommends that the proposed resolution be amended to reduce the proposed refunding authorization amount by \$5,500,000, from not to exceed \$50,500,000 to not to exceed \$45,000,000.

5. After a debt service payment in the estimated amount of \$626,643 on March 15, 2004, the average annual debt service on the proposed Refunding Settlement Obligation Bonds, Series 2003-R1 would be an estimated \$7,091,280 for the remaining seven-year term of the bond issue. Total debt service on the proposed 2003-R1 Bonds (from approximately October 1, 2003 to March 15, 2011) is estimated to be \$50,265,606. The projection shown in Attachment I is based on an assumed annual interest rate of 2.93 percent, according to Ms. Ribble.

6. Charter Section 9.109 states that the Board of Supervisors is authorized to provide for the issuance of bonds for the purpose of refunding General Obligation bonds which are expected to result in net savings to the City. Additionally, Administrative Code Section 43.8.4 similarly states, that without voter approval, the Board of Supervisors may provide for the issuance of Refunding Bonds which provide net debt service savings to the City. As noted above, Ms. Ribble states that the Refunding Bonds would only be issued if a savings rate of at least 3 percent of the \$43,960,000 principal amount to be

refunded could be achieved, or a minimum savings of \$1,318,800.

Therefore, the Budget Analyst recommends that the proposed resolution be amended by adding the following provision:

“Further provided, that issuance of the Refunding Settlement Obligation Bonds, Series 2003-R1 would result in net debt service savings to the City on a present value basis of at least 3 percent, or \$1,318,800, of the refunded principal amount of \$43,960,000, which is the outstanding balance of the Settlement Obligation Bonds, Series 2001 to be refunded.”

Recommendations:

1. In accordance with Comment No. 4 above, amend the proposed resolution to reduce the authorized not to exceed \$50,500,000 aggregate principal amount of Refunding Settlement Obligation Bonds, Series 2003-R1 by \$5,500,000 to not to exceed \$45,000,000.
2. In accordance with Comment No. 6 above, amend the proposed resolution to require that issuance of the Refunding Settlement Obligation Bonds, Series 2003-R1 would result in net debt service savings to the City on a present value basis of at least 3 percent, or \$1,318,800.
3. Approve the proposed resolution as amended.

\$44,900,000

**City and County of San Francisco
Refunding Settlement Obligation Bonds, Series 2003, R-1**

Total Issue and Sources

Par Amount of Bonds	\$ 44,900,000
Total Sources	\$ 44,900,000

Uses:

Settlement Fund	\$ 44,134,341
Underwriter's Discount (0.4%)	\$ 179,600
Cost of Issuance	\$ 200,000
Bond Insurance Premium	\$ 381,355
Rounding	\$ 4,704
Total Uses:	\$ 44,900,000

Debt Service Comparison

Fiscal Year	Series 2001 bonds	2003 Refunding Bonds
3/15/04	\$ 791,442.50	\$ 626,643.00
3/15/05	\$ 7,257,885.00	\$ 7,093,035.00
3/15/06	\$ 7,257,635.00	\$ 7,092,785.00
3/15/07	\$ 7,257,672.50	\$ 7,092,822.50
3/15/08	\$ 7,256,447.50	\$ 7,091,597.50
3/15/09	\$ 7,255,066.25	\$ 7,090,216.25
3/15/10	\$ 7,254,206.25	\$ 7,089,356.25
3/15/11	\$ 7,254,000.00	\$ 7,089,150.00
Total	\$ 51,584,355.00	\$ 50,265,605.50
Net Present Value Savings	\$ 1,318,749.50	

Item 3 – File 03-1253

Note: This item was continued by the Finance and Audits Committee at its meeting of September 17, 2003.

Department: Department of Administrative Services- Convention Facilities Management (CFM)

Item: Resolution concurring with the Controller's certification that Convention Facilities management, operation and maintenance services can continue to be practically performed at the Bill Graham Civic Auditorium and the Moscone Center by a private contractor for a lower cost than similar work performed by City and County employees.

Services to be Performed: Convention facilities management, operation and maintenance

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work performed by City employees.

The Controller has determined that contracting for convention facilities management, operations and maintenance services at the Bill Graham Civic

Auditorium and Moscone Center for FY 2003-2004 would result in the estimated savings as follows:

	Lowest Salary <u>Step</u>	Highest Salary <u>Step</u>
<u>City Operated Service Costs</u>		
Salaries	\$11,689,518	\$13,308,601
Fringe Benefits	<u>2,609,556</u>	<u>2,738,585</u>
Total	14,299,074	16,047,186
 <u>Contractual Services Costs</u>	 <u>12,187,480</u>	 <u>12,187,480</u>
 <u>Estimated Savings</u>	 <u>\$2,111,594</u>	 <u>\$3,859,706</u>

Comments:

1. Under an outside contract, the Moscone Joint Venture, consisting of SMG and Thigpen Limited, Inc., manages, operates and maintains the Bill Graham Civic Auditorium and Moscone Center, including the new Moscone Center West. Specifically, the Moscone Joint Venture's responsibilities include: (1) contracting with others for their use of the convention facilities; (2) promoting the use of the convention facilities; (3) conducting event management activities; and (4) maintaining the convention facilities and the equipment therein.
2. Convention facilities management, operation and maintenance services at the Bill Graham Civic Auditorium and Moscone Center were first certified as required by Charter Section 10.104 in FY 1982-1983 and have been contracted out continuously since then. According to Mr. John Noguchi of the Department of Administrative Services' Convention Facilities Management (CFM), SMG, the private facility management company charged with operating the City's convention facilities, has been the contractor for these services since the Moscone Center opened in 1981. In 1993, SMG partnered with Thigpen Limited Inc., a minority business enterprise, creating the Moscone Joint Venture.
3. Mr. Noguchi reports that the DAS awarded a five-year contract for the provision of convention facilities

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BUDGET ANALYST

management, operations and maintenance services at the Bill Graham Civic Auditorium and Moscone Center to Moscone Joint Venture, effective July 1, 1999. The proposed resolution would approve the Controller's certification for the fifth year of the five-year contract, from July 1, 2003 to June 30, 2004.

4. The Contractual Services Costs used for the purpose of this analysis is the Moscone Joint Venture's projected FY 2003-2004 costs to provide convention facilities management, operation and maintenance services.

5. The Contractual Services Costs of \$12,187,480 for FY 2003-2004 is \$1,309,409 or approximately 12 percent more than the FY 2002-2003 cost of \$10,878,071. Attachment I to this report is a memorandum from Mr. Noguchi explaining that the increase in the contractual services costs is due to the opening and operation of Moscone Center West.

6. The Controller's supplemental questionnaire, with the Department's responses, is included as Attachment II to this report.

7. Attachment III, is a memorandum provided by Mr. Jack Moerschbaecher addressing questions raised by the Finance and Audits Committee at its meeting of August 20, 2003, including: (a) an explanation of the increase in the contract amount for the operation of Moscone West, (b) an explanation of when CFM obtained Board of Supervisors approval to amend the contract for the operation of Moscone West and (c) an explanation of why the contractual services to be provided for Moscone West were not competitively bid.

Recommendation: Approve the proposed resolution.

City and County of San Francisco

San Francisco Convention Facilities



Willie Lewis Brown, Jr.
Mayor

Jack Moerschbaecher
Director

August 8, 2003

Mr. Salvatore Sanchez
Budget Analyst's Office
San Francisco Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Re: Contractual Service Cost Summary - Fiscal Year 2003-2004
Convention Facilities Management, Operation and Maintenance Services

Dear Salvatore,

Following is a comparison of fiscal year 2002-2003 and 2003-2004 Contractual Service Costs for convention facilities management, operation and maintenance services at the Moscone Center and Bill Graham Civic Auditorium.

	2002-2003	2003-2004	%
Contractual Service Costs	10,878,071.00	12,187,480.00	12.04
Number of Positions	185	234.5	

As the above table illustrates, Contractual Service Costs increased 12% for fiscal year 2003-2004 due to additional personnel hired for the opening and operation of Moscone Center West. The new facility, with over 300,000 square feet of exhibition and meeting space, officially opened in July 2003 and is in full operation with dozens of conventions booked for the fiscal year. Positions have been hired in the following divisions: Operations, Housekeeping, Event Management, Security and Traffic Control.

Please let me know if I can provide any further information.

Sincerely,

John T. Noguchi
Deputy Director
Convention Facilities Management

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Convention Facilities Management (Administrative Services)

CONTRACT SERVICES: Operations

CONTRACT PERIOD: July 1, 2003 – June 30, 2004

- (1) Who performed the activity/service prior to contracting out?
City
- (2) How many City employees were laid off as a result of contracting out?
None
- (3) Explain the disposition of employees if they were not laid off.
Employees went to work for the contractor.
- (4) What percentage of City employees' time is spent of services to be contracted out?
0%
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
22 Years
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?
1982-1983. Yes.
- (7) How will the services meet the goals of your MBE/WBE Action Plan?
Contractor is a joint venture with a minority principal.
- (8) Does the proposed contractor provide health insurance for its employees?
Yes
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?
Yes.
- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?
Yes.

Department Representative: John Noguchi

Telephone Number: 974-4027



Willie Lewis Brown, Jr.

Mayor

Jack Moerschbaecher

Director

Attachment III

Page 1 of 2

August 28, 2003

Mr. Salvador Sanchez
Budget Analyst's Office
San Francisco Board of Supervisors
1390 Market Street, Ste 1025
San Francisco, CA 94102

RE: 2003-2004 Prop J – Convention Facilities

Dear Mr. Sanchez:

Following are your questions relating to the issues that are of concern to Supervisor McGoldrick and my responses:

1. An explanation of the increase in contract cost with Moscone Center Joint Venture specifically for Moscone West. How much money will actually go to the contractor?

The 2002-2003 operating budget was modified in the amount of \$829,109.00 to provide for the additional costs of operating Moscone West.

The 2003-2004 operating budget increased by \$4,419,430.00 for direct expenses associated with operating and maintaining Moscone West.

The management fee for fiscal year 2002-2003 was \$340,000.00 and included no additional amount for managing Moscone West. The management fee for 2003-2004 is \$350,000.

2. An explanation of whether CFM obtained approval from Board of Supervisors for the increase in the contract amount discussed in the question above. If so, what is the File number or Resolution number?

The 2002-2003 contract amendment was approved by the Board by Resolution 9-03 (File number 021877).

The 2003-2004 budget for the Convention Facilities Department, which includes the \$4,419,430.00 increase referred to in item #1, was approved by the Board of Supervisors during the City's budget hearings for 2003-2004.

3. Why did CFM not competitively bid the add-on for Moscone West? Was there a contract amendment to include Moscone West?

The current contract for the management of Moscone Center is in the final year of a five-year term that extends from July 1, 1999 through June 30, 2004. This contract with the Moscone Joint Venture (MJV) was the result of a RFQ process. The contract anticipated the opening of Moscone West and the increase in operating responsibilities. In fact, the Board of Supervisors on June 10, 2003 with Resolution 398-03 extended this management contract for the period July 1, 2004 through June 30, 2009.

Sincerely,

Jack Moerschbaecher

Cc: Bill Lee
John Noguchi

Item 5 - File 03-1489

Departments: Public Utilities Commission (PUC)
Hetch Hetchy

Item: Resolution authorizing the expenditure of an estimated \$2,000,000 for emergency repairs of the Hetch Hetchy Early Intake Switchback Road and concurring with the PUC General Manager that an emergency condition exists.

Amount: \$2,000,000

Source of Funds: Hetch Hetchy San Joaquin Pipeline Repairs Fund, which has a balance of \$6,690,000, according to Ms. Tracy Cael of the PUC.

Description: In April of 2003, the PUC's Hetch Hetchy Water and Power Bureau detected soil destabilization on Hetch Hetchy's Early Intake Switchback Road, which is the City's only year-round access road to the Early Intake, Kirkwood and Holm powerhouses. According to Ms. Cael, on June 25, 2003, Hetch Hetchy staff determined that the Early Intake Road was in danger of collapse during the next rainy season.

According to Ms. Cael, this roadway has a history of landslide and ground movement and several repairs have been made by the PUC between 1965 and 1995. Ms. Cael states that the most recent repair occurred in 1995 when the PUC contracted with Schnabel Foundation Company to construct a 400-foot long retaining wall, which the PUC refers to as a soil nail wall, for a total cost of approximately \$400,000. Ms. Cael states that heavy rainfall last winter weakened the underpinning of this soil nail wall. According to Ms. Cael, this continuing problem now requires the repair work to be completed on an emergency basis because the work must be completed in advance of the heavy rainy season, which typically begins in January. According to Ms. Cael, without the proposed repair work, heavy rains, beginning in approximately January of 2004, could undermine the roadway and cause it to collapse.

On July 23, 2003, the General Manager of the PUC, in accordance with Chapter 6, Article IV, Section 6.60(D) of the Administrative Code, declared an emergency condition at the Intake Switchback Road, requiring immediate stabilization of the Intake Switchback Road at Hetch Hetchy prior to the beginning of the 2003-2004 "heavy rainy season", which, as noted above, would start in approximately January of 2004, according to Ms. Cael.

The proposed resolution would concur with and support the finding made on July 23, 2003 by the PUC's General Manager that an emergency condition exists and would concur with the PUC's ratification of such an emergency. In accordance with Chapter 6, Article IV, Section 6.60 of the San Francisco Administrative Code, the PUC is required to obtain Board of Supervisors approval for all emergency work that exceeds \$250,000.

Budget:

Attachment I, provided by Ms. Cael is the estimated project budget totaling \$2,000,000.

According to Ms. Cael, planning work, estimated to cost \$248,000, was completed by two firms, Treadwell and Rollo, and ARUP, as well as by PUC staff during the first week of September 2003. Ms. Cael states that design work, estimated to cost \$149,000, is currently being performed by Treadwell and Rollo, and ARUP, as well as by PUC staff and the design work should be completed in early October of 2003. Ms. Cael states that the construction work, which is to be performed by a contractor yet to be selected, is anticipated to begin in early October 2003 and to be completed three months later, or prior to the anticipated rainy season in January 2004.

Comments:

1. Attachment II is a memorandum dated July 23, 2003 provided by Ms. Patricia Martel, General Manager of the PUC, explaining why Ms. Martel declared an emergency for the Early Intake Switchback Road. As noted in Attachment II, the PUC Commission concurred and approved the existence of this emergency.

2. Ms. Cael advises that on June 1, 2003 the PUC selected Treadwell & Rollo on a sole source basis in the amount of \$320,275 and ARUP on a sole source basis for planning, design and construction consultation work, in the amount

BOARD OF SUPERVISORS
BUDGET ANALYST

of \$45,725 to both perform planning, design work and construction consultation for the Early Intake Switchback Road repair project. Ms. Cael advises that these two professional services contractors were selected on a sole source basis in anticipation of the PUC declaring an emergency at the Early Intake Switchback Road. Contract awards for emergency conditions do not require the use of the City's formal competitive selection procedures, per Chapter 6, Article IV, Section 6.60 of the Administrative Code. However, the Budget Analyst notes that in order to award such contracts on a sole source basis on the basis that the work to be done is of an emergency nature, the emergency condition must first be declared before the contracts are awarded. However, these two sole source professional services contracts were awarded on June 1, 2003, or one month and 22 days before the Early Intake Switchback Road repair project was declared an emergency by the General Manager of the PUC on July 23, 2003.

3. According to Mr. George Wong of the City Attorney's Office, the PUC should have first declared the Early Intake Switchback Road an emergency before the PUC entered into the two professional service contracts. Therefore, the proposed resolution should be amended to retroactively authorize the expenditure of funds for emergency repairs of the Early Intake Switchback Road.

4. Ms. Cael advises that the PUC will not utilize the City's formal competitive bidding procedures for the construction work but rather, will select the construction contractor by inviting approximately three qualified contractors to submit bids to the PUC for the repair work, as provided for in Chapter 6, Article IV, Section 6.60 of the Administrative Code, in order to expedite the award of the construction contract in October of 2003.

Attachment III, provided by Ms. Cael, provides additional information from the PUC related to the work schedule for the Early Intake Switchback Road. Ms. Cael states that the City's formal competitive bidding procedures generally take between three and six months for the selection of a construction contractor. As a result, Ms. Cael states that if the PUC utilized the City's formal competitive bidding procedures, which requires

BOARD OF SUPERVISORS
BUDGET ANALYST

advertising in the City's official newspaper, the construction contract to repair the Early Intake Switchback Road would not have been awarded until at least January of 2004, according to Ms. Cael. Furthermore, as reported in Attachment III by Ms. Cael, the repairs to the Early Intake Switchback Road are estimated to take three months to complete, and therefore, would not be completed until approximately April 1, 2004, if the City's formal competitive bidding procedures were utilized.

- Recommendations:**
1. In accordance with Comment No. 3, amend the proposed resolution to provide for retroactive authorization of the expenditure of funds.
 2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

Early Intake Switchback Road

PROPOSED PROJECT ESTIMATE

Work Description	Estimate
Planning	
Treadwell & Rollo, and ARUP to perform geologic and geotechnical investigation	\$ 32,000
Treadwell & Rollo to perform drilling	\$ 157,000
Utilities Engineering Bureau – Design (PUC - In-House Engineers) to provide technical oversight as a Project Engineer	\$ 35,000
Project Management (PUC – In-House) to provide project management support	\$ 12,000
Construction Management (PUC – In-House) to provide expertise for construction support	\$ 12,000
Contingency	\$ -
Subtotal	\$ 248,000
Design	
Consultant (Treadwell & Rollo, and ARUP) to perform design for the project by preparation of contract documents, including drawings and specifications	\$ 59,000
Utilities Engineering Bureau – Design (PUC - In-House Engineers) to provide technical oversight as a Project Engineer	\$ 40,000
Project Management (PUC – In-House) to provide project management support	\$ 15,000
Construction Management (PUC – In-House) to provide constructibility review for the design package	\$ 15,000
Contingency	\$ 20,000
Subtotal	\$ 149,000
Bid and Award – Cost for Utilities Engineering Design, Project Management, and Construction Management for reviewing the bid proposals	\$ 20,000
Construction	
Construction Contract (_____)	\$ 1,000,000
Consultant (Treadwell & Rollo, and ARUP) to review and approve submittals, respond to Request for Information, provide technical expertise, and perform construction observation	\$ 118,000
Utilities Engineering Bureau – Design (PUC - In-House Engineers) to provide technical oversight as a Project Engineer	\$ 22,000
Project Management (PUC – In-House) to provide project management support	\$ 30,000
Construction Management (PUC – In-House) to provide inspection support	\$ 166,000
Contingency	\$ 150,000
Subtotal	\$ 1,486,000
Closeout - Cost for PUC In-House, (Utilities Engineering Design, Project Management, and Construction Management) for preparing the closeout documents for final payment	\$ 97,000
Total	\$ 2,000,000



**WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER**

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 MARKET ST., 4TH FLOOR, SAN FRANCISCO, CA 94103 • TEL (415) 554-3155 • FAX (415) 554-3151



INTER-OFFICE MEMORANDUM

WILLIE L. BROWN, JR.
MAYOR

E. DENNIS NORMANDY
PRESIDENT

ASHOK KUMAR BHATT
VICE PRESIDENT

ANN MOLLER CAEN
JEFFREY A. CHEN
ROBERT J. COSTELLO

PATRICIA E. MARTEL
GENERAL MANAGER

TO: E. Dennis Normandy
President

FROM: Patricia E. Martel
General Manager

DATE: July 23, 2003

SUBJECT: Declaration of Emergency: Repair of Early Intake Switchback Road

Early Intake, Holm and Kirkwood powerhouses, are accessible via one all season roadway. This roadway has a history of landslide and ground movement with several recorded slides and repairs having occurred between 1965 and 1982. The most recent repair, a 400-foot long retaining wall, was constructed in 1995 in an attempt to stabilize the area. However, the late and heavy rains of this winter have caused additional slippage putting the roadway in jeopardy of surviving another winter.

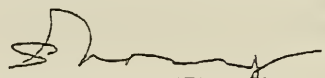
Hetch Hetchy does have an ongoing road repair and maintenance program but this repair cannot be delayed to be included into the schedule because of the very short window of opportunity before the next winter season. The Phase I effort will be to provide drainage wells, to remove both ground water and storm water infiltration that has been identified as the cause of the current problems, and some additional rock buttress at an estimated cost of \$2 million dollars.

It is in the best interest of the City to issue an emergency contract for this work. An emergency contract is being prepared to repair Early Intake Switchback Road. We anticipate a construction cost in the range of \$2 million dollars and duration of three (3) months to repair Early Intake Switchback Road.

Because the total cost to repair Early Intake Switchback Road exceeds \$250,000, we are required to notify the Board of Supervisors of this emergency.

I am therefore declaring the existence of an emergency. I trust that this meets with your concurrence and approval.

CONCUR AND APPROVE:


E. Dennis Normandy--President, San Francisco
Public Utilities Commission

cc: A. Bhatt
C. Davis

A. Caen
D. Larramendy

J. Chen
T. Cael

R. Costello
H. Kelly

M. Quan

ATTACHMENT III

The City's formal competitive bidding procedure process requires about 3 to 6 months. The bidding procedure includes getting the PUC Commission's approval for the agenda item for bid call, advertisement for a minimum of 30 days, review of the bid package from prospective contractors, resolving of any bid protest, acquiring HRC's approval and recommendation on the subcontracting goals, and approval from the PUC Commission for the award of contract. With discovery of the problem in the month of June, following this process would not have permitted the award of either consultant agreements or repair contracts until January 2004 at the earliest. This would not have allowed the studies and repair work to be accomplished in advance of the heavy rains anticipated to begin in January of 2004. It was therefore decided that only a declaration of emergency would create a timeline permitting the completion of repairs ahead of the rainy season.

STANDARD PROCEDURE FOR NORMAL CONSTRUCTION PROJECT IF THE PUC HAD IMMEDIATELY PERFORMED A COMPETITIVE PROCESS IN APRIL OF 2003

PLANNING PHASE: 3 months, June 1 – September 1, 2003

DESIGN: 1 month, September 1, 2003 – October 1, 2003

BIDS & AWARDS: 3 months (could take up to 6 months)
October 1, 2003 – January 1, 2003

CONSTRUCTION: 3 months, January 1, 2003-April 1, 2004

EXPEDITED REPAIR OF THE EARLY INTAKE SWITCHBACK ROAD USING A DECLARATION OF AN EMERGENCY

PLANNING PHASE: 3 months, June 1 – September 1, 2003

DESIGN: 1 month, September 1 – October 1, 2003, shortened from 4 months to 1 month by extended work schedules and dedication of additional staff

CONSTRUCTION: 3 months, October 1, 2003 – January 1, 2004

Source: PUC, September 16, 2003

Item 6 - File 03-1517

Department: San Francisco Fire Department
Department of Administrative Services, Real Estate
Division (RED)

Item: Resolution approving and authorizing an agreement between the City and Martin McNerney Development, Inc., executed by the Director of Property on behalf of the City, for a sale to Martin McNerney Development, Inc. of a City-owned vacant eight story building with a basement, at the sales price of \$2,900,000. A Fire Station was previously located in a portion of the basement and on the first and second floors of the building and warehouse space was used on the upper six floors of the building; finding that competitive bidding is impractical or impossible; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution.

Location: Assessor's Block No. 3704, Lot No. 006
418-420 Jessie Street, San Francisco

Purchaser: Martin McNerney Development, Inc.

Size of Land and Building: An eight story building with a basement consisting of 39,375 square feet on a 5,625 square foot parcel of land.

Sales Price: \$2,900,000, or approximately \$73.65 per square foot of building space (\$2,900,000 divided by 39,375 equals \$73.65), payable by Martin McNerney Development, Inc. These funds would accrue to the General Fund Reserve.

Description: Approval of the subject resolution would authorize the Director of Property, on behalf of the City, to sell the subject City-owned property located at 418-420 Jesse Street, consisting of an eight story building with a basement, consisting of 39,375 square foot on 5,625

square feet of land. Martin McNerney Development, Inc. would purchase the City-owned property for \$2,900,000.

Under the proposed resolution, the Board of Supervisors would concur with the Director of Property's finding that selling the subject City-owned property to Martin McNerney Development Inc., without first obtaining competitive bids, is in the best interest of the City because Martin McNerney Development Inc. is the only practical purchaser of the subject property. According to Mr. Ritter, Martin McNerney Development Inc. is the owner of the adjacent building used for market rate rental housing, located at 424 Jessie Street, and the upper six floors of the subject property can only be accessed through 424 Jessie Street.

The proposed resolution adopts the Planning Department's findings that the sale of the subject property does not require California Environmental Quality Act (CEQA) review and is consistent with the General Plan and the Eight Priority Policies of Planning Code Section 101.1.

Comments:

1. Mr. Larry Ritter of the Real Estate Division states that in 1926, Hale Brothers constructed, at no cost to the City, the subject eight story building on City-owned land located at 418-420 Jesse Street. According to Mr. Ritter, the City did not charge Hale Brothers for the land. Mr. Ritter advises that the City previously used the first two floors and a portion of the basement of the subject property for Fire Station 1. Hale Brothers and the City entered into a 20-year lease agreement. Under that lease agreement, Hale Brothers occupied the upper six floors of the City-owned building as lessee, with no rent being charged to Hale Brothers by the City. At the expiration of the 20-year lease, the City became the sole owner of the subject property. Mr. Ritter advises that after the 20-year lease with Hale Brothers expired in 1946, the City again leased the upper six floors to Hale Brothers and their successor in interest, the Lurie Company, for an additional 26 years until 1972. As of the writing of this report, Mr. Ritter could not provide the rents payable to the City by Hale Brothers and the Lurie Company between 1946 and 1972, for the upper six floors of the

subject property. According to Mr. Ritter, since 1972 the upper six floors have remained vacant. The first two floors of the subject property served as the City's Fire Station 1 until the building was damaged in the 1989 Loma Prieta earthquake, causing that Fire Station to be relocated from 418-420 Jessie Street to 676 Howard Street. According to Mr. Ritter, the subject building has been vacant since 1989, or for approximately 14 years.

2. According to Mr. Ritter, on February 19, 2003, an independent appraiser, Clifford Associates, retained by the Division of Real Estate, conducted an appraisal of the City-owned property at 418-420 Jesse Street. The appraiser valued the property at between \$2,500,000 to \$2,900,000. Mr. Ritter states that the proposed sales price of \$2,900,000 is consistent with the Real Estate Division's opinion of the highest fair market value of the subject City-owned property.

3. The independent appraisal report, prepared by Clifford Associates, states the following:

"Although its condition is rated to be fair, the property is highly adaptable for conversion to a variety of uses. Given that the adjoining properties are under the same ownership by the Martin Building Company [Martin McNerney Development, Inc.], it is believed this owner may be the most probable buyer of the subject property. Further, it is reported there is a pending application to place the subject [building] on the National Register of Historic Places. This could limit the adaptability of the subject [building] for conversion. However, use of the adjoining property, may provide the best and most efficient means to maximize the conversion potential of the subject property.

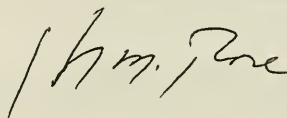
As described in the Attachment to this report provided by Mr. Ritter, the subject property was listed on the National Register of Historical Places in 2001, contrary to the appraiser's comments with respect to a "pending application." Ms. Venessa Henlon of the City Attorney's Office advises that the City and the potential purchaser, Martin McNerney Development, Inc. would have the same restrictions for the reuse of the subject property. Mr.

Patrick Banks of Martin McNerney Development Inc. advises that 424 Jessie Street is used for market rate rental housing and that Martin McNerney Development Inc. also plans to develop the subject 418-420 Jesse Street building for market rate rental housing on the upper six floors, with commercial and retail uses on the first and second floors.

5. The proposed resolution states that "it is in the City's best interest to convey the Property directly to the Buyer, that the public interest or necessity demands, or will not be inconvenienced by the sale of the Property directly to the Buyer pursuant to the Sale Agreement, and that competitive bidding would be impractical or impossible."

The attached memorandum from Mr. Ritter states that "Martin McNerney Development, Inc., ("Buyer") the adjoining property owner, is the only practical buyer because access to the upper six floors, as well as a portion of the basement, can only be gained through the buyer's adjacent building at 424 Jessie Street."

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.




Harvey M. Rose

cc: Supervisor Peskin
Supervisor Sandoval
Supervisor McGoldrick
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey



MEMORANDUM

September 17, 2003

TO: Elaine Forbes
Budget AnalystFROM: Larry Ritter 
Real Estate Division

SUBJECT: 418-420 Jessie Street

Martin McNerney Development, Inc., ("Buyer") the adjoining property owner, is the only practical buyer because access to the upper six floors, as well as a portion of the basement, can only be gained through the buyer's adjacent building at 424 Jessie Street. There are no structural walls between the upper floors and basement of the two buildings. In addition, the sprinklers for the upper floors currently connect with and are part of the sprinkler system and pump in the adjacent building. Electrical service and other utility connections for the upper floors and basement originate from the adjoining property, as well. The adjoining property owner is the most practical buyer and can pay the highest price for the subject property since they can realized the maximum efficiency of development. The estimated cost to construct stairways and an elevator in the City building is \$500,000 ±.

The independent appraiser's conclusion of value ranged from \$2.5M to \$2.9M, assuming the property was re-zoned from "P" (Public Use) to C-3-G. The \$2.9M is attributable to a sale to the adjoining owner.

Contrary to John Clifford's comment in his appraisal report that there is an application pending to grant the subject property historical status, the property was granted historical status in 2001 and listed on the National Register of Historical Places, along with the buildings on either side (see City Planning letter attached). The appraisal assumes the property would be granted historical status.

The historical status of the Martin Building Company's building on the easterly side of the City property did not limit its adaptability for conversion. It was recently converted from industrial to a commercial/residential loft project.

The adjacent property owner is the only practical buyer in our opinion for the following reasons:

- 1) In marketing the property access to the upper six floors would not be available, unless the adjacent owner allowed potential buyers access through their building.
- 2) If a public auction sale were held with a minimum bid of \$2.9M, it is our opinion the property would not sell unless the adjacent owner bid. Only the adjacent owner would pay the highest value.
- 3) If a public auction sale were held with a minimum bid of \$2.5M, it is also our opinion that the property would not sell, unless the adjacent owner bid, due to:
 - a) \$500,000 \pm required to construct a stairwell and elevator.
 - b) Significant seismic retrofit cost.
 - c) Historical status of the building (Martin McNerney Development, Inc. has significant experience in renovating historic structures).



City and County of San Francisco

Meeting Agenda

Finance and Audits Committee

Members: Aaron Peskin, Gerardo Sandoval and Jake McGoldrick

Clerk: Linda Laws

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Wednesday, October 01, 2003

12:30 PM

City Hall, Room 263

Regular Meeting

Note. Each item on the Consent or Regular agenda may include the following documents

- 1) Legislation
- 2) Budget Analyst report
- 3) Legislative Analyst report
- 4) Department or Agency cover letter and/or report
- 5) Public correspondence

These items will be available for review at City Hall, Room 244, Reception Desk

Each member of the public will be allotted the same maximum number of minutes to speak as set by the Chair at the beginning of each item, excluding City representatives, except that public speakers using translation assistance will be allowed to testify for twice the amount of the public testimony time limit. If simultaneous translation services are used, speakers will be governed by the public testimony time limit applied to speakers not requesting translation assistance.

DOCUMENTS DEPT.

AGENDA CHANGES

SEP 29 2003

REGULAR AGENDA

SAN FRANCISCO
PUBLIC LIBRARY

1. 031462 [Appropriate funding for the Day Laborer Program]
Supervisor Ammiano

Ordinance re-appropriating \$75,000 from FY 2002-2003 and \$90,000 FY 2003-2004 from the Mayor's Office to the Immigrant Rights Commission, Administrative Services Department, to fund the Day Laborer Program for fiscal year 2003-04.

8/19/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

2. **031276 [Approving ballot and hearing procedures for renewal of the Union Square Business Improvement District]**
Supervisor Peskin
Resolution establishing ballot and hearing procedures governing ballots cast by property owners of property located within the boundaries of the Business Improvement District known as the "Union Square Business Improvement District" for the purpose of deciding whether to renew the assessment for the Union Square Business Improvement District for an additional five year term.
- 7/22/03, ASSIGNED UNDER 30 DAY RULE to Finance and Audits Committee, expires on 8/21/2003
8/22/03, REFERRED TO DEPARTMENT Referred to Small Business Commission for comment and recommendation
3. **031277 [Authorize renewal and modification of the Union Square Business Improvement District]**
Supervisor Peskin
Resolution declaring the intention of the Board of Supervisors to authorize renewal and modification of boundaries of a property-based business improvement district known as the "Union Square Business Improvement District," to order the levy and collection of a multi-year assessment, and setting a time and place for a public hearing thereon.
- 7/22/03, ASSIGNED UNDER 30 DAY RULE to Finance and Audits Committee, expires on 8/21/2003
8/22/03, REFERRED TO DEPARTMENT Referred to Small Business Commission for comment and recommendation.
4. **031498 [Authorizing issuance/sale of bond refunding the City and County of San Francisco Settlement Obligation Bonds, Series 2001 (Business Tax Judgment)]**
Mayor
Resolution authorizing and directing the sale of not to exceed \$50,500,000 City and County of San Francisco Refunding Settlement Obligation Bonds, Series 2003-R1; prescribing the form and terms of said bonds, authorizing the execution, authentication and registration of said bonds; providing for an annual appropriation to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the form of the Official Notice of Sale and the Notice of the Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving the form of the Refunding Instructions; approving modifications to the documents approved herein; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.
- 8/26/03, RECEIVED AND ASSIGNED to Finance and Audits Committee
9/24/03, CONTINUED Speakers None
Continued to 10/1/03.
5. **031360 [Contracting out Security Guard Services]**
Resolution Concurring with the Controller's certification that security guard services provided by Zonux Security Solutions can be performed at a lower cost than similar services performed by City and County Employees. (Parking and Traffic Department)
- (Public Benefit Recipient.)
- 8/7/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

6. **031494** **[Contracting for Security Guard Services at 1680 Mission Street for fiscal year 2003-2004]**
Resolution concurring retroactively with the Controller's determination that security guard services can practically be performed at the Bureaus of Construction Management and Engineering Offices at 1680 Mission Street by private contractor for a lower cost than if the services were performed by City employees. (Public Works Department)
- (No Public Benefit Recipient.)
- 8/25/03, RECEIVED AND ASSIGNED to Finance and Audits Committee
7. **031516** **[Reserved Funds, S.F. Environment]**
Hearing to consider release of reserved funds, S.F. Environment (File 010257, Mayor's Office of Economic Development fiscal year 2000-01 budget), in the amount of \$3,042,693, for the Environmental Justice Grant Program. (Environment)
- 8/28/03, RECEIVED AND ASSIGNED to Finance and Audits Committee
8. **031348** **[Reserved Funds, Department of Children, Youth and Their Families]**
Hearing to consider release of reserved funds, Department of Children, Youth and Their Families (Fiscal Year 2003-04 Annual Appropriation Ordinance), in the amount \$37,500 to operate the department's information and referral services for fiscal year 2003-04.
- 7/29/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.
9/17/03, CONTINUED Speakers: None.
Continued to 10/1/03
9. **031548** **[Purchase from the S.F.Unified School District of Real Property located at 380 Bacon St., San Francisco for the Public Library]**
Mayor, Supervisor Ammiano
Resolution authorizing the execution and performance of an Agreement of Purchase and Sale for Real Estate between the City and County of San Francisco and the San Francisco Unified School District (the "Seller" or "District"), for the purchase of real property and improvements located at 380 Bacon St., San Francisco (being a portion of Block 5983), for use as the Portola Branch Library of the San Francisco Public Library; adopting findings under the California Environmental Quality Act; and adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.
- (No Public Benefit Recipient.)
- 9/16/03, RECEIVED AND ASSIGNED to Finance and Audits Committee
10. **031607** **[Appropriate funding from the General Reserve for Fire Engine 33]**
Supervisor Sandoval
Ordinance appropriating \$1,600,000 from the General Fund Reserve for uniform salaries, premium pay, uniform overtime, fringe benefits, and materials and supplies and utilities to fund Fire Engine 33 for fiscal year 2003-2004.
- 9/23/03, RECEIVED AND ASSIGNED to Finance and Audits Committee
THE CHAIR MAY ENTERTAIN A MOTION TO CONTINUE THIS ITEM TO OCTOBER 8, 2003.

ADJOURNMENT

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceedings begin, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to: Committee Clerk of the Finance and Audits Committee, San Francisco Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.

NOTE:

Pursuant to Government Code Section 65009, the following notice is hereby given: if you challenge, in court, the general plan amendments or planning code and zoning map amendments described above, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Board of Supervisors at, or prior to, the public hearing.

LEGISLATION UNDER THE 30-DAY RULE**(Not to be considered at this meeting)**

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

There are no items now pending under the 30-day rule.

Meeting Procedures

The Board of Supervisors is the Legislative Body of the City and County of San Francisco. The Board has several standing Committees where ordinances and resolutions are the subject of hearings at which members of the public are urged to testify. The full Board does not hold a second public hearing on measures which have been heard in committee.

Board procedures do not permit: 1) persons in the audience at a Committee meeting to vocally express support or opposition to statements by Supervisors or by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) signs to be brought into the meeting or displayed in the room; 4) standing in the meeting room.

Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of a Committee or to its members, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

Agenda are available on the internet at www.sfgov.org/bdsupvrs.bos.htm.

THE AGENDA PACKET IS AVAILABLE FOR REVIEW AT CITY HALL, ROOM 244, RECEPTION DESK.

Board meetings are cablecast on SF Cable 26. For video tape copies and scheduling call (415) 557-4293.

Requests for language translation at a meeting must be received no later than noon the Friday before the meeting. Contact Ohn Myint at (415) 554-7704.

AVISO EN ESPAÑOL: La solicitud para un traductor en una reunion debe recibirse antes de mediodia de el viernes anterior a la reunion. Llame a Erasmo Vazquez (415) 554-4909.

翻譯 必須在會議前最少四十八小時提出要求
請電 (415) 554-7701

Disability Access

Both the Committee Room (Room 263) and the Legislative Chamber are wheelchair accessible. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #47 Van Ness, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of City Hall at Civic Center Plaza and adjacent to Davies Hall and the War Memorial Complex.

All meetings are real-time captioned and are cablecast open-captioned on SF Cable 26.

The following services are available when requested 48 hours before the Committee meeting. This advance notice will help ensure availability.

- For American Sign Language interpreters or use of a reader during a meeting, contact Ohn Myint at (415) 554-7704.
- For a large print copy of agenda or minutes in alternative formats, contact Annette Lonich at (415) 554-7706.
- Assistive listening devices are available from the receptionist in the Clerk of the Board's Office, Room 244, prior to the meeting.
- The Clerk of the Board's Office TTY number is (415) 554-5227.

In order to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall; by mail to Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102 by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna.Hall@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine.htm>

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code Sec. 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site www.sfgov.org/ethics

FINANCE AND AUDITS COMMITTEE
S.F. BOARD OF SUPERVISORS
CITY HALL, ROOM 244
1 DR. CARLTON GOODLETT PLACE
SAN FRANCISCO, CA 94102-4689

IMPORTANT HEARING NOTICE!!!

[Budget Analyst Report]

Susan Hom

Main Library-Govt. Doc. Section

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

September 25, 2003

TO: Finance and Audits Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

SEP 29 2003

SUBJECT: October 1, 2003 Finance and Audits Committee Meeting

SAN FRANCISCO
PUBLIC LIBRARY

Item 1 - File 03-1462

Department: Immigrant Rights Commission, Administrative Services
Department
Mayor's Office of Neighborhood Services (MONS)

Amount: \$165,000

Source of Funds: Reappropriation of General Fund monies from Professional and Specialized Services previously appropriated in the FY 2002-2003 and FY 2003-2004 budgets of the Mayor's Office.

Item: Reappropriation of monies from the Mayor's Office to the Immigrant Rights Commission, Administrative Services Department, to fund the San Francisco Day Laborer Program.

Comments: 1. According to Ms. Pamela Levin of the Controller's Office, the Board of Supervisors appropriated \$100,000 in General Fund monies in FY 2002-2003 for the Mayor's Office of Community Development to be expended for the San Francisco Day Laborer Program contract. As described in the Attachment to this report, provided by

Mr. Ron Vinson of MONS, for the three month period from July 1, 2002 through September 30, 2002, the Mayor's Office of Community Development (MOCD), awarded a contract on a month-to-month basis, to manage the San Francisco Day Laborer Program at a total cost of \$25,000. Mr. Vinson states that, due to a pending lawsuit, and under the advisement of the City Attorney's Office, he has not named the provider that the Mayor's Office had contracted with to manage the San Francisco Day Laborer Program for the three month period ending September 30, 2002.

Ms. Levin advises that, as of the writing of this report, \$75,000 of the FY 2002-2003 \$100,000 appropriation is still unexpended. According to Ms. Levin, during the FY 2003-2004 budget review, the Board of Supervisors appropriated an additional \$90,000 in General Fund monies for the Mayor's Office of Community Development to be expended for the San Francisco Day Laborer Program contract. According to Ms. Levin, none of the FY 2003-2004 \$90,000 appropriation has been expended.

Therefore, Ms. Levin advises that there is a total of \$165,000 in unexpended monies (\$75,000 from FY 2002-2003 and \$90,000 from FY 2003-2004) available to fund the San Francisco Day Laborer Program.

2. In the attached memorandum pertaining to the San Francisco Day Laborer Program, Mr. Vinson states:

"MONS formed a technical review committee in January of 2003 and reviewed two proposals submitted by two non-profit organizations. However, under the advisement of the City Attorney's Office, MONS did not award the contract. MONS, Office of Contract Administration (OCA) and staff at the Immigrant Rights Commission are now in the process of re-writing the RFP language and are expected to re-issue the RFP in November of 2003 and select a contractor by January of 2004."

3. According to Mr. Vinson, on September 23, 2003, the Mayor's Office transferred responsibility for administration of the San Francisco Day Laborer

Program from the Mayor's Office of Community Development to the Immigrant Rights Commission because the Mayor's Office of Community Development believed that the Immigrant Rights Commission would be better suited to administer the City's contract. As of the writing of this report, Mr. Dang Pham of the Immigrant Rights Commission stated that his is unable provide any information pertaining to a new contract award and the related budget details for the San Francisco Day Laborer Program contract, until the RFP process to select a contractor is completed.

4. According to the Office of the Sponsor, the intent of the proposed ordinance is to ensure that funds previously appropriated for the San Francisco Day Laborer Program (a) are used for the San Francisco Day Laborer Program contract, to be determined by the RPF process being conducted by the MONS, (b) that the Program is administered by the Immigrant Rights Commission, and (c) that \$165,000 in unexpended funds previously appropriated for the San Francisco Day Laborer Program are not returned to the City's General Fund Reserve.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

MAYOR'S OFFICE OF
NEIGHBORHOOD SERVICESWILLIE LEWIS BROWN, JR.
MAYORRON VINSON
DIRECTOR

September 25, 2004

TO: Elaine Forbes
Office of the Budget Analyst

FROM: Ron Vinson
Mayor's Office of Neighborhood Services

RE: Attachment for proposed legislation regarding the appropriations for the
San Francisco Day Labor Program

Since 1991, San Francisco has funded a day laborer program to provide structure and support to the informal congregate day labor industry in San Francisco, partly to address the vulnerabilities of this working population that contributes to San Francisco, and partly to address the resulting neighborhood issues that arise from a congregate day labor market.

In fiscal year 2002 – 2003 the Mayor recommended and the Board of Supervisor's appropriated General fund monies for management for the San Francisco Day Laborer Program. It was decided that MOCD would put out a Request for Proposal (RFP), because the contract with the provider at the time had not been competitively bid.

The contract with the provider at the time expired on June 30, 2002, and was extended on a month-to-month basis until September 30, 2002. MOCD expended \$25,000 for the contract extension from July 1, 2002 through September 30, 2002, from FY 2002-2003 funds allocated to the San Francisco Day Laborer Program with the approval of the Controller's Office.

MOCD began an RFP process to competitively bid the San Francisco Day Laborer Program contract and issued an initial RFP in July of 2002. Prior to the selection of the contractor, oversight of the Day Labor Program was transferred. As noted in the September 23, 2002 Full Meeting Minutes of the Citizens Committee on Community Development, MOCD transferred responsibility for administration of the San Francisco Day Laborer Program to the Immigrant Rights Commission in September of 2002. At this time the Mayor's Office of Neighborhood Services (MONS) was asked to assist the Immigrant Rights Commission in the selection of a contractor.

MONS formed a technical review committee in January of 2003 and reviewed two proposals submitted by two non-profit organizations. However, under the advisement of the City Attorney's Office, MONS did not award the contract. MONS, Office of Contract Administration (OCA) and staff at the Immigrant Rights Commission are now in the process of re-writing the RFP language and are expected to re-issue the RFP in November of 2003 and select a contractor by January of 2004.

Items 2 and 3 – Files 03-1276 and 03-1277

Item: File 03-1276 – Resolution establishing ballot and hearing procedures governing ballots cast by property owners of property located within the boundaries of the Business Improvement District known as the “Union Square Business Improvement District” for the purpose of deciding whether to renew the assessment for the Union Square Business Improvement District for an additional five year term.

File 03-1277 - Resolution declaring the intention of the Board of Supervisors to authorize renewal and modification of boundaries of a property-based business improvement district known as the “Union Square Business Improvement District,” to order the levy and collection of a multi-year assessment, and setting a time and place for a public hearing thereon.

Description: The California Street and Highway Code Sections 36600 et seq. authorizes cities to establish Property and Business Improvement Districts for the purpose of levying assessments on real property for certain purposes. Proposition 218, approved by the California voters on November 6, 1996, which became part of the California Constitution (Articles XIII C and XIII D), imposes requirements applicable to assessment districts which includes Property and Business Improvement Districts.

On December 7, 1998, the Board of Supervisors adopted a resolution (File 98-1844) declaring the intent of the Board of Supervisors to establish a Property and Business Improvement District, named the Union Square Business Improvement District, located in an approximately ten block area surrounding Union Square. On January 25, 1999, following a public hearing and balloting in favor of the proposed District by property owners in the District responsible for a majority, or more than 50 percent of the total assessment in the District, the Board of Supervisors adopted a resolution (File 98-2135) authorizing the levy and collection of assessments for five fiscal years, from July 1, 1999 through June 30, 2004, to pay for the cost of establishing and maintaining the District.

The purpose of the Union Square Business Improvement District and the related assessments is to provide additional services, including safety and maintenance services, to supplement those services provided by the City. Specifically, the Union Square Business Improvement District pays for (a) increased sidewalk sweeping and steam cleaning, (b) improved trash and graffiti removal and a painting crew, (c) increased public safety with one Police Officer and four uniformed Community Services Ambassadors, who are unarmed and have no special police powers, but who are trained public safety personnel who are used to provide citizen assistance and referral and (d) improved community and information services for visitors.

The proposed resolution (File 03-1276) establishes the specific ballot procedures for casting ballots by the property owners of the Union Square Business Improvement District to renew the assessment for the Union Square Business Improvement District for an additional five-year term from July 1, 2004 through June 30, 2009. Under these procedures, the Director of Elections will be responsible for the content and conduct of the ballot.

The proposed resolution (File 03-1277) would declare the Board of Supervisors intent to authorize the renewal and modification of boundaries of the existing Union Square Business Improvement District for an additional five-year term. Attachment I contains a map of the proposed renewed District boundary. The renewed District would be located in an approximately 10 block area surrounding Union Square. Attachment II contains a map of the existing District boundaries.

File 03-1277 also orders the levy and collection of assessments on the affected District property owners for the five-year period from July 1, 2004 through June 30, 2009, for the continued maintenance of the District, subject to approval by property owners in the District responsible for a majority, or more than 50 percent of the total assessment in the Business Improvement District, as calculated by linear feet of property sidewalk frontage.

Each commercial property owner within the proposed renewed District would be charged at an annual assessment rate of \$66.62 per linear foot, or \$5.55 per linear foot per

BOARD OF SUPERVISORS
BUDGET ANALYST

month, based on the linear feet of property sidewalk frontage, which is an increase of \$0.76 or 1.15 percent from the FY 2003-2004 annual charge of \$65.86. According to the Union Square Business Improvement District's proposed Management Plan ("the Plan"), since the District's services are aimed at providing enhanced public safety and maintenance on the street, using the linear street frontage was determined to be a reasonable method for assigning service costs based on the relative benefit each parcel receives from such services. According to the proposed Plan, there will be 97 parcels of property, as listed in Attachment III provided by the Union Square Business Improvement District, owned by 77 private and public entities, located within the proposed renewed District, as compared to 91 parcels owned by 75 public and private entities under the existing Plan. Property zoned exclusively for residential use is not subject to the proposed assessments, of which there is presently no such residential property located within the proposed renewed District. The proposed assessments of each commercial property within the District will appear as a separate line item on each commercial property owner's Property Tax bills submitted by the City's Tax Collector's Office.

The calculation for the annual assessment to each property owner of \$66.62 per linear foot (\$5.55 per month) is based on a total of 15,739 linear frontage feet of sidewalk property consisting of approximately 14,364 linear feet of privately-owned and City-owned sidewalk property that is fully assessed, and 1,375 linear frontage feet of City-owned sidewalk property that is assessed at one-quarter of the full rate of \$66.62 or \$16.655 (see Comment No. 5). The total estimated annual amount to be collected through the assessments on the Union Square Business Improvement District property owners is \$979,815 (14,363.777 linear feet x \$66.62 per linear foot plus 1,375 linear feet x \$16.655 per linear foot). As shown in Attachment IV provided by the Union Square Business Improvement District, the projected annual budget for the renewed District for FY 2004-2005 is \$1,156,915. This leaves a shortfall of \$177,100 (the \$1,156,915 in projected expenditures less \$979,815 in revenue from the assessments), which according to the Plan, is to be provided by the City (See Comments Nos. 2 and 3).

Comments:

1. As shown in Attachment IV, the projected operating budget for the Union Square Business Improvement District totaling \$1,156,915 includes \$937,101 in Contract Services costs and \$219,814 in Management and Operations costs for FY 2004-2005. As noted above, \$979,814 would be provided by the collection of assessments and \$177,100 is to be provided by the City.

2. Mr. David Greenburg of the City Attorney's Office reports that in accordance with Proposition 218, property owners within a business improvement district can only be assessed for the costs of the "special benefit" that each property is expected to derive from the improvement district. According to Mr. Greenburg, benefits that do not specially benefit the properties in the district are "general benefits" and individual property owners within the district cannot be assessed such costs. The costs for such "general benefits" or services must come from another source. Mr. Greenburg further reports that such other sources could be from outside grants, private donations, gifts, or government contributions. Under the proposed Union Square Business Improvement District Plan, an estimated \$177,100 annually is proposed to be provided by the City and County of San Francisco. However, according to Mr. Greenburg, the City would not be required to provide the \$177,100 annual contribution. Mr. Greenburg states that these funds could also be provided by outside grants, private donations, or gifts.

3. According to Mr. Jack Moerschbaeher, Executive Director of the Department of Conventions Facilities Management, the \$177,100 annual contribution to be provided by the City is included in the Conventions Facility Management Department's FY 2003-2004 budget. According to Mr. Moerschbaeher, this annual contribution by the City has been included in the Conventions Facilities Management budget since the Union Square Business Improvement District was first created in 1999 due to the benefits to tourism resulting from District services. According to the Plan, these City monies of \$177,100 would go toward the cost of steam cleaning the entire Union Square Business Improvement District. This \$177,100 annual contribution represents approximately 15.3 percent of the proposed total annual budget of \$1,156,915 for the Union Square Business Improvement District. Over a five year period, which is the life of the proposed renewed Improvement District, this

\$177,100 annual City contribution would cost the City over \$885,500 (see Comment No. 8).

4. A detailed engineer's report is required to be prepared prior to the creation or renewal of a business improvement district, in accordance with Proposition 218. The purpose of this report is to identify the specific benefits to be derived by the properties to be assessed, the amounts to be levied and to identify the costs of the general benefits to be derived from the improvement district. An engineer's report was prepared in May of 2003 by Edward Henning and Associates retained by the Union Square Business Improvement District, for the proposed renewed Union Square Business Improvement District. This report states that "general benefits within a given district typically vary from 10-25% of the total adjusted costs" and using empirical data, "a focused range for general benefits from 15-25% is extrapolated".

5. According to Mr. Greenburg, Proposition 218 does not exempt government property from paying benefit assessments. The City and County of San Francisco owns the Union Square Park at the corner of Powell and Geary Streets, the Ellis O'Farrell Parking Garage at 123 O'Farrell Street, and the San Francisco Unified School District (SFUSD) owns the San Francisco Center, at 865 Market Street, in which Nordstrom is located, within the proposed renewed District. Mr. Greenburg notes that the City would be assessed an annual assessment for the Union Square Park parcel at one-quarter of the full rate of \$66.62 per linear foot because while the Park is within the District boundaries, it will not receive services from the District, and will thus receive diminished benefits. The City would be assessed at the full \$66.62 per linear foot rate for the Ellis O'Farrell Parking Garage parcel, in addition to the proposed \$177,100 annual contribution. Attachment V, provided by the Union Square Business Improvement District, shows how the assessments for the City-owned and SFUSD-owned properties within the District would be determined and the estimated amount to be collected for City-owned property in FY 2004-2005.

6. As of the writing of this report, the Department of Public Works (DPW) was unable to provide the DPW's annual costs for cleaning services to the Union Square Business Improvement District area. Ms. Tina Olsen of the DPW

reports that the DPW will provide this information directly to the Finance and Audits Committee at its October 1, 2003 meeting.

7. The proposed resolution (03-1277) states that the renewal of the Union Square Business Improvement District will not affect the City's policy to continue to provide the same level of services (including Department of Public Works and Police services) to the areas encompassed by the District, at the same level as other comparable areas for which the City provides such services. Attachment VI, provided by the Union Square Business Improvement District, identifies the existing City services and the enhanced Union Square Business Improvement District (BID) services that would be maintained.

8. In accordance with State Law that authorizes cities to create Improvement Districts, in order to continue the Union Square Business Improvement District, petitions must be received from commercial property owners responsible for more than 50 percent of the total assessments in the District. According to the Business Improvement District, it is anticipated that the first assessments under the renewed District would be collected in FY 2004-2005. After the first year, the assessments will increase annually by three percent or by the Bay Area Consumer Price Index (CPI), whichever is greater. The Business Improvement District reports that the request for the City's contribution of \$177,100 will also increase annually by three percent or by the CPI, whichever is greater, as explained in Attachment V.

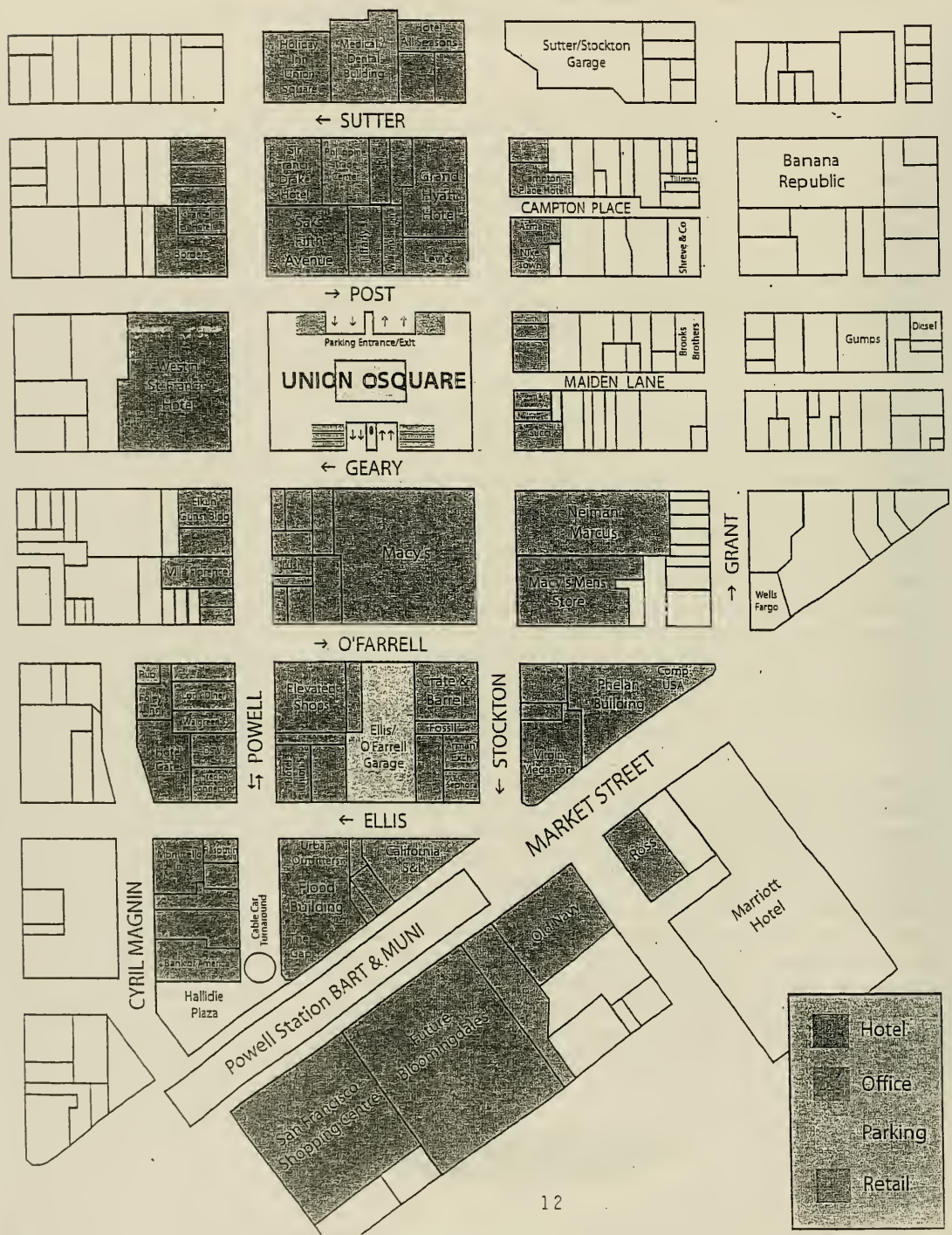
9. The proposed resolution (File 03-1276) identifies specific ballot procedures for the renewal of the Union Square Business Improvement District and establishes the Director of the Department of Elections as the party responsible for the content and conduct of this ballot. Ms. Suzanne Berg of the Department of Elections reports that conducting the ballot procedures for the renewal of the proposed Union Square Business Improvement District is anticipated to cost the Department of Elections approximately \$6,697, as shown in the budget in Attachment VII provided by Ms. Berg. According to Ms. Berg, these costs will be absorbed in the Department's FY 2003-2004 budget.

Memo to Finance and Audits Committee

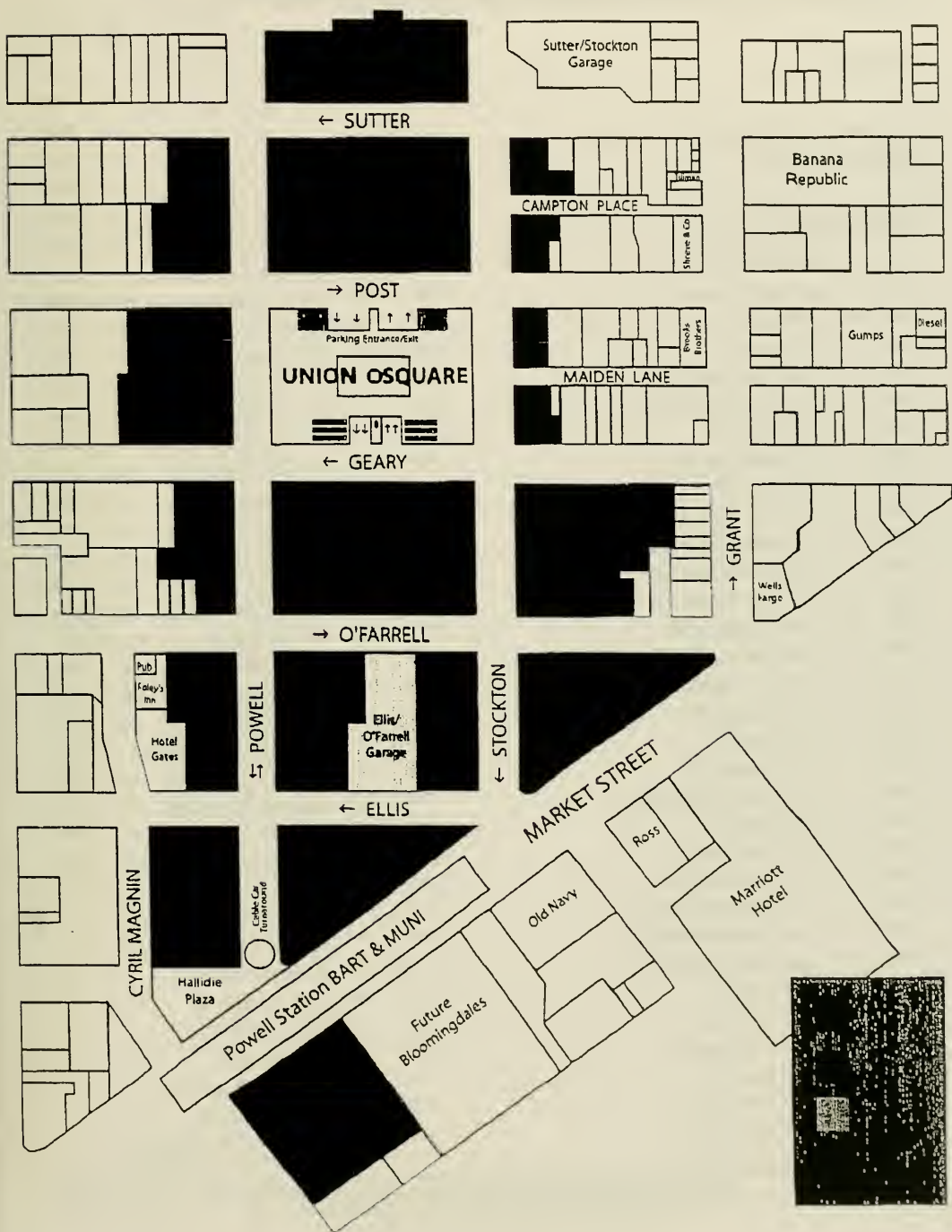
October 1, 2003 Finance and Audits Committee Meeting

Recommendation: Approval of the proposed resolutions is a policy matter for the Board of Supervisors.

UNION SQUARE BUSINESS IMPROVEMENT DISTRICT



UNION SQUARE BUSINESS IMPROVEMENT DISTRICT



Union Square Business Improvement District Plan - June 2003

APPENDIX 1:

LIST OF PROPERTIES WITHIN THE
UNION SQUARE BID

Block Lot	Address
0285 005	400-406 Sutter St.
0285 005A	420-428 Sutter St.
0285 006	450-460 Sutter St.
0205 019	480 Sutter St.
0294 011	278 Post St.
0294 013	340 Stockton St.
0294 015	391-399 Sutter St.
0295 005	340 Post St.
0295 006	350-360 Post St.
0295 007	384 Post St.
0295 008	432-462 Powell St.
0295 010	445-447 Sutter St.
0295 012	441-443 Sutter St.
0295 013	431-437 Sutter St.
0295 016	345 Stockton St.
0296 001	449-465 Powell St.
0296 002	445-447 Powell St.
0296 005	433 Powell St.
0296 006	400 Post St.
0296 014	439 Powell St.
0307 001	301-345 Powell St.
0307 013	455 Post St.
0309 011	212 Stockton St.
0309 013	216 Stockton St.
0309 014	218-222 Stockton St.
0309 020	234-240 Stockton St.
0309 021	250-260 Stockton St.
0309 022	275 Post St.
0313 018	199 Geary St.
0313 017	120 Stockton St.
0314 001	233 Geary St.
0314 002	101 Stockton St.
0314 004	170 O'Farrell St.
0314 005	188 O'Farrell St.

Block Lot	Address
0314 006	180-190 O'Farrell
0314 007	200-216 Powell St.
0314 008	222 Powell St.
0314 009	226-230 Powell St.
0314 010	236 Powell St.
0314 016	285-299 Geary St.
0314 013	281 Geary St.
0314 013A	281 Geary St.
0314 014	251-259 Geary St.
0314 015	239 Geary St.
0315 001	301 Geary St.
0315 002	235-245 Powell St.
0315 003	221-225 Powell St.
0315 004	207-217 Powell St.
0315 006	201 Powell St.
0315 007	201 Powell St.
0315 008	201 Powell St.
0315 009	201 Powell St.
0326 001	201-219 O'Farrell St
0326 002	151-161 Powell St.
0326 003	135-149 Powell St.
0326 004	111-133 Powell St.
0326 005	120 Ellis St.
0327 001	55 Stockton St.
0327 002	55 Stockton St.
0327 003	55 Stockton St.
0327 004	39 Stockton St.
0327 005	19 Stockton St.
0327 008	24-34 Ellis St.
0327 011	72 Ellis St.
0327 012	100-118 Powell St.
0327 013	120 Powell St.
0327 018	165-167 O'Farrell St

Union Square Business Improvement District Plan - June 2003

Block	Lot	Address
0327	020	55 Stockton St.
0327	021	123 O'Farrell St.
0327	022	150 Powell St.
0327	025	1 Stockton St.
0328	001	760 Market St.
0328	002	790 Market St.
0328	003	77-81 O'Farrell St.
0328	004	79 O'Farrell St.
0329	001	800-830 Market St.
0329	002	838 Market St.
0329	002A	842 Market St.
0329	003	846 Market St.
0329	004	856 Market St.
0329	005	870 Market St.
0329	006	61-65 Ellis St.
0330	001	111 Ellis St.
0330	002	45-49 Powell St.
0330	003	35-41 Powell St.
0330	004	33 Powell St.
0330	005	1 Powell St.
0330	023	119-139 Ellis St.
3705	042	865 Market St.
0326	018	235-243 O'Farrell
0326	023	140 Ellis St.
3705	043	835 Market Street
3705	202	801 Market Street
3705	201	12 Fourth Street
3706	047	799 Market Street
0308		City & County of SF
3705	037	825 Market Street

There are two major activity centers within the BID budget:

CONTRACT SERVICES

- **Maintenance Services:** The maintenance services budget provides two shifts of 3 sidewalk litter personnel seven days per week from 9 a.m. to 9 p.m. Sidewalk litter service will be provided 365 days per year. There will also continue to be a special projects crew to provide graffiti removal, special painting and on call maintenance, five days per week, eight hours a day. The entire district will continue to receive steam cleaning approximately every two weeks.
- **Public Safety:** The public safety services budget provides two shifts of four (4) Community Service Ambassadors providing services from 9 a.m. to 9 p.m., 7 days per week. Specific time schedules will vary depending upon needs. Program support expenses include supplies, insurance, payroll, taxes and benefits.
- **10B Police Officer:** The 10B Police Officer budget provides for 1 consistent SFPD Officer to be assigned to the BID by either the Southern, Tenderloin, or Central Police Station. Program support expenses include payroll, insurance, taxes, and benefits.

Contractor Services are estimated at \$937,101 or 81% of the total budget.

MANAGEMENT & OPERATIONS

- **Management & Operations:** A support budget is to be allocated to administrative and support personnel, rent, office supplies, and utilities, office insurance and legal fees.

Administration is estimated at \$219,814 or 19% of the total budget.

BUDGET SUMMARY

MAINTENANCE & PUBLIC SAFETY	\$937,101.00
MANAGEMENT & OPERATIONS	<u>\$219,814.00</u>
TOTAL BUDGET	<u>\$1,156,915.00</u>

Union Square Business Improvement District Plan - June 2003

Union Square Business Improvement District 2004 - 2005 Operating Budget
Expense
CONTRACT SERVICES

Contractor Management	32,000.00
Ambassadors	400,000.00
1 10B Police Officer	145,000.00
Personnel-Steam Cleaners	145,000.00
Personnel-Sweepers	200,000.00
Uniforms-Ambassadors	11,101.00
Uniforms-Steam	2,000.00
Uniforms-Sweepers	2,000.00
Total CONTRACT SERVICES	937,101.00

MANAGEMENT & OPERATIONS

Equipment-R&M	5,000.00
Steam Cleaning -Gas	13,750.00
Water-Steam cleaner	1,374.00
Supplies	5,500.00
Auto Insurance	4,000.00
Parking	2,750.00
D & O Liability Insurance	8,000.00
IDA - Conference	1,000.00
Int'l Downtown Assoc.	795.00
Union Square Assoc.	275.00
Yerba Buena Alliance	110.00
Finance Charge	0.00
Loan Interest	1,100.00
Marketing/Media	5,000.00
Office Equipment Exp	3,850.00
Office Insurance	1,000.00
Office Supplies	6,600.00
Postage and Delivery	1,000.00
Printing/Publications	3,000.00
Accounting	5,000.00
Bookkeeper/Payroll Ser.	2,200.00
Legal Fees	2,200.00
Rent - Admin. Office	5,500.00
Rent - Employee Office	36,000.00
Telephone	18,000.00
Travel	2,000.00
Bonus	4,000.00
Gross Wages -Executive Director	72,000.00
Health Benefits	2,750.00
Payroll Taxes - M&O	5,060.00
Total MANAGEMENT & OPERATIONS	218,814.00



September 24, 2003

Memorandum

TO: Leanne Nhan, Budget Analyst

FROM: Leigh Ann Baughman
Executive Director

RE: Budget Analyst's Responses

Assessments for Tax Exempt Properties?

Currently there are only 2 tax exempt properties paying into the Union Square BID, 123 O'Farrell Street Ellis-O'Farrell Parking Garage and 865 Market Street SF Unified School District. Both owners/owners representatives agree to pay the assessment amount. Since tax exempt properties do not receive a property tax bill, each property is invoiced at the beginning of the fiscal year for their assessment amount. Beginning FY04/05, Union Square Park will be assessed for receiving benefit from the Union Square BID since the park is directly in the middle of the BID boundaries. Again, I will invoice the City directly at the beginning of the fiscal year for the assessment amount for the park.

		<u>FY03/04</u>	<u>FY04/05</u>
123 O'Farrell Street	Ellis-O'Farrell Garage	\$16,135.70	\$16,321.90
865 Market Street	SF Shopping Centre	\$36,223.00	\$36,641.00
Post/Stockton	Union Square Park	N/A	\$22,900.00

Union Square Park was not assessed in the first 5 years because it was thought that it would not receive services or benefit. Services were provided for the first 3 years as it was necessary. Once park was under construction, only the sidewalks and construction barricades were maintained around the perimeter. Upon grand re-opening, a contractor was hired to maintain the perimeter and interior of the park.

Why City contribution should increase by the CPI or 3% whichever is greater?

The property assessments increase each year by the CPI or 3% whichever is greater and there fore to maintain the general benefit percentage, the City contribution should also

increase by the same formula of the CPI or 3% whichever is greater. This increase is just to cover general increases in the cost of doing business and was voted on by the property owners.

Let me know if there is anything else.

Union Square Business Improvement District Plan - June 2003

VIII CONTINUATION OF CITY SERVICES

Throughout the process to establish the Union Square BID, business and property owners voiced concerns that the City of San Francisco maintains existing services at verifiable "baseline" service levels. A formal base level of service policy ensures that existing City services are enhanced, not replaced. By adopting this plan, the Board of Supervisors will confirm and guarantee a baseline level of service equivalent to that being provided in similar areas of the City.

Maintenance

Existing City Services	Frequency	Enhanced BID Services	Frequency
Mechanical Street Sweep	2-7 days/week	Manual Sidewalk Sweeping	4 persons 9am to 9pm 7 days/week
Street Flushing (supplemental service per health need)	2-3 days/week		
Graffiti Removal Services	provided by inspection or request	Special Teams: graffiti removal, painting, and on-call maintenance	1 person 8 hrs/day 5 days/week
Street Tree Maintenance	every few years		
Manual Sweeping	Workfare Crew, once/day, 3-6 days/week		
Public Litter Receptacles:		Liter Receptacles:	every day, as needed
- Emptying	1-2/day, 7 days/week	- Emptying	
- Repairs/maintenance	as needed	- Repairs/maintenance	as needed
- Cleaning /washing	as needed	- Cleaning/washing	1/week or as needed
Code Enforcement (environmental, safety, cleanliness, and litter laws)	4-6 persons, city wide, ongoing as required		
Market Street Sidewalk Steam Cleaning	4x/year when available	Power Wash Sidewalks (entire district)	as needed

Safety

Existing City Services	Enhanced BID Services
<p><u>Tenderloin Police Station</u> Boundaries: Geary to Ellis, Powell to Stockton</p> <p>* 1-2 beat officers - 6am to 9pm, 4 -7 days/wk * 2 beat officers - 9pm to 2am, 7 days/wk * 1 radio car (1-2 officers) - 24 hrs/day, 7 days/wk</p> <p><u>Central Station</u> Boundaries: Sutter to Geary, Powell to Stockton</p> <p>* 1-2 plain clothed units - 6am to 6pm, 7 days/wk * 1 beat officer - 8am to 6pm, 7 days/wk * 2 park patrol officers - 7am to 9pm, 7 days/wk (responsible for all of the parks in Central District) * 2 radio cars (1-2 officers each)- 24 hrs/day</p> <p><u>Southern Police Station</u> Boundaries: Hallidie Plaza, Powell Street Turnaround, Unit block of Powell, Market, Grant to Powell</p> <p>* 1 beat officer - 8am-6pm, 4 days/wk * 2 beat officers (bike/foot) - 11am - 9pm on Market St between 4th - 8th * 1-2 beat officers - 4pm-2am, 1-2 nts./wk on Market Street * 2 officered radio cars - 24 hrs/day btwn 4th-6th & Market & Harrison</p>	<p>Boundary: Entire District</p> <p>* 4 Community Service Ambassadors equipped with radios</p> <p>* 3 District patrolling zones 9am to 9pm 7 days per week</p> <p>* Additional police officer 3pm to 9pm 5 days per week</p>

Business Improvement District Election
Cost Estimates

Personnel	Staff	Title	Class	Hours	Hrly rate	Fringe	Total	Hrs/Day	Days	Cost	Task Overview
Project Manager	1	principal clerk	1408	48	24.88	22%	30.35	8	21	1,456.97	Initial and follow up meetings with BID Director, Assistant to Board of Sup., Clerk of the Board, City Attorney
Assistant manager	1	elections worker	1471	96	20.03	22%	24.44	8	12	2,345.91	review material from City Attorney, Clerk of the Board, and BID plan, PO Box rental, modify forms and affidavits
Technical Support	1	elections worker	1471	16	20.03	22%	24.44	8	2	390.99	review and test tabulation system
Ballot pick up	2	elections clerk	1403	80	19.19	22%	23.41	1	40	1,872.94	Ballots must be accompanied by 2 people at all times! Pick-up ballots daily from post office for 40 days and return to processing center at city hall
Mailing costs											
Post office mail box										330.30	\$330.30 for 6 months, 13" X 8", Civic Clr Post Office, Contact Gwendolyn 563-9096
postage										175.00	\$1.75 per envelope (first class) X 100, Certificate of mailing add .50 per envelope
Supplies										25.00	
Ballots											
Envelopes										100.00	
TOTAL										\$6,697.12	

Item 4 - File 03-1498

Note: This item was continued by the Finance and Audits Committee at its meeting of September 24, 2003.

Item: Resolution authorizing and directing the sale of not to exceed \$50,500,000 San Francisco General Fund Refunding Settlement Obligation Bonds, Series 2003-R1; prescribing the form and terms of said bonds, authorizing the execution, authentication and registration of said bonds; providing for an annual appropriation to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the form of the Official Notice of Sale and the Notice of the Intention to Sell Bonds; approving the form and execution of the Official Statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving the form of the Refunding Instructions; approving modifications to the documents approved herein; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said bonds.

Amount: Not to exceed \$50,500,000

Source of Funds: General Fund Refunding Settlement Obligation Bonds, Series 2003-R1

Description: The proposed resolution would authorize the City to issue an amount not to exceed \$50,500,000 in Refunding Settlement Obligation Bonds, Series 2003-R1, to refund Settlement Obligations Bonds, Series 2001.

The Board of Supervisors previously authorized the issuance of \$60,755,000 in Settlement Obligations Bonds, Series 2001, of which \$49,470,000 is outstanding. These Settlement Obligation Bonds were issued to pay for certain judgements resulting from legal claims made against the City's Business Tax Structure.

The proposed refunding Bonds Series 2003-R1 would refund up to \$49,470,000 in outstanding bonds for the Settlement Obligations Bonds, Series 2001. However, according to Ms. Karen Ribble of the Mayor's Office of

Public Finance, it is unlikely that it would be economical for the City to refund the entire \$49,470,000 in outstanding principal. Ms. Ribble adds that it is expected that only \$43,960,000 would be refunded due to current economic conditions (See Comments Nos. 1 and 4). Ms. Ribble states that issuance of the proposed Refunding Settlement Obligation Bonds, Series 2003-R1, in an amount to refund \$43,960,000 would result in total estimated net present value savings in aggregate debt service of \$1,318,750 to the General Fund, as shown in Attachment I, provided by the Mayor's Office of Public Finance.

Comments:

1. Ms. Ribble states that the estimated par amount of the proposed Refunding Settlement Obligation Bonds, Series 2003-R1 required to refund the \$43,960,000 would be \$44,900,000. According to Ms. Ribble, the subject Bond proceeds will be used to pay (a) the underwriter's fee, (b) other costs of bond issuance, (c) pay the bond insurance premium, and (d) fund the required debt service and refund the Settlement Obligations Bonds, Series 2001, as shown in Attachment I. The authorization of \$50,500,000, as stated in the proposed resolution, is \$5,600,000 or 12.5 percent more than the estimated amount needed of \$44,900,000.
2. Ms. Ribble states that because current market conditions are volatile and not currently conducive to refunding, it is not possible at this time to be certain of the exact sale date for the proposed bonds. The proposed resolution vests authority to determine the sale date with the Director of Public Finance.
3. According to Ms. Ribble, the existing Series 2001 Bonds have interest rates between 3.0 and 4.0 percent, and were issued with a nine-year and seven and one-half month term, with a final payment date of March 15, 2011. Ms. Ribble states that interest rates for the proposed Refunding Settlement Obligation Bonds, Series 2003-R1 are estimated to range from 1.10 percent to 3.09 percent and would have a seven year and five and one-half month term, with the final payment on March 15, 2011. As previously noted, the proposed Refunding Settlement

Obligation Bonds will result in an estimated total net present value savings of \$1,318,750.

4. According to Ms. Ribble, the Refunding Bonds would only be issued if a savings rate of 3 percent of the estimated \$43,960,000 principal amount to be refunded could be achieved, which is a savings of \$1,318,800. As previously noted, the Settlement Obligation Bonds Series 2001 have an outstanding principal balance of \$49,470,000. According to Ms. Ribble, the additional principal amount of \$5,510,000, (\$49,470,000 less \$43,960,000) which matures on March 15, 2004, would not be refunded because it would be not result in additional debt service savings for the City unless bond market interest rates were to decrease significantly from current levels. Therefore, the Budget Analyst recommends that the proposed resolution be amended to reduce the proposed refunding authorization amount by \$5,500,000, from not to exceed \$50,500,000 to not to exceed \$45,000,000.

5. After a debt service payment in the estimated amount of \$626,643 on March 15, 2004, the average annual debt service on the proposed Refunding Settlement Obligation Bonds, Series 2003-R1 would be an estimated \$7,091,280 for the remaining seven-year term of the bond issue. Total debt service on the proposed 2003-R1 Bonds (from approximately October 1, 2003 to March 15, 2011) is estimated to be \$50,265,606. The projection shown in Attachment I is based on an assumed annual interest rate of 2.93 percent, according to Ms. Ribble.

6. Charter Section 9.109 states that the Board of Supervisors is authorized to provide for the issuance of bonds for the purpose of refunding General Obligation bonds which are expected to result in net savings to the City. Additionally, Administrative Code Section 43.8.4 similarly states, that without voter approval, the Board of Supervisors may provide for the issuance of Refunding Bonds which provide net debt service savings to the City. As noted above, Ms. Ribble states that the Refunding Bonds would only be issued if a savings rate of at least 3 percent of the \$43,960,000 principal amount to be

refunded could be achieved, or a minimum savings of \$1,318,800.

Therefore, the Budget Analyst recommends that the proposed resolution be amended by adding the following provision:

“Further provided, that issuance of the Refunding Settlement Obligation Bonds, Series 2003-R1 would result in net debt service savings to the City on a present value basis of at least 3 percent, or \$1,318,800, of the refunded principal amount of \$43,960,000, which is the outstanding balance of the Settlement Obligation Bonds, Series 2001 to be refunded.”

- Recommendations:**
1. In accordance with Comment No. 4 above, amend the proposed resolution to reduce the authorized not to exceed \$50,500,000 aggregate principal amount of Refunding Settlement Obligation Bonds, Series 2003-R1 by \$5,500,000 to not to exceed \$45,000,000.
 2. In accordance with Comment No. 6 above, amend the proposed resolution to require that issuance of the Refunding Settlement Obligation Bonds, Series 2003-R1 would result in net debt service savings to the City on a present value basis of at least 3 percent, or \$1,318,800.
 3. Approve the proposed resolution as amended.

\$44,900,000
City and County of San Francisco
Refunding Settlement Obligation Bonds, Series 2003, R-1

Total Issue and Sources

Par Amount of Bonds	\$	44,900,000
Total Sources	\$	44,900,000

Uses:

Settlement Fund	\$	44,134,341
Underwriter's Discount (0.4%)	\$	179,600
Cost of Issuance	\$	200,000
Bond Insurance Premium	\$	381,355
Rounding	\$	4,704
Total Uses:	\$	44,900,000

Debt Service Comparison

Fiscal Year	Series 2001 bonds	2003 Refunding Bonds
3/15/04	\$ 791,442.50	\$ 626,643.00
3/15/05	\$ 7,257,885.00	\$ 7,093,035.00
3/15/06	\$ 7,257,635.00	\$ 7,092,785.00
3/15/07	\$ 7,257,672.50	\$ 7,092,822.50
3/15/08	\$ 7,256,447.50	\$ 7,091,597.50
3/15/09	\$ 7,255,066.25	\$ 7,090,216.25
3/15/10	\$ 7,254,206.25	\$ 7,089,356.25
3/15/11	\$ 7,254,000.00	\$ 7,089,150.00
Total	\$ 51,584,355.00	\$ 50,265,605.50
Net Present Value Savings	\$ 1,318,749.50	

Item 5 – File 03-1360

Department: Department of Parking and Traffic (DPT)

Item: Resolution concurring with the Controller's certification that security guard services for the Department of Parking and Traffic can continue to be performed by a private contractor at a lower cost than similar services performed by City and County employees.

Services to be Performed: Security services at Department of Parking and Traffic facility located at 1380 Howard Street

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for DPT security services for FY 2003-2004 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$51,159	\$60,483
Fringe Benefits	<u>14,607</u>	<u>15,352</u>
Total	\$65,766	\$75,835
 <u>Contractual Services Cost</u>	 <u>45,245</u>	 <u>45,678</u>
 <u>Estimated Savings</u>	 <u>\$20,521</u>	 <u>\$30,157</u>

Comments:

1. Security guard services consist of one unarmed guard in the lobby of the DPT's Parking Citation/ Residential Parking Permit/Hearing Divisions office located at 1380 Howard Street.
2. Mr. Steve Bell of the DPT reports that security services were first certified, as required under Proposition J

BOARD OF SUPERVISORS
BUDGET ANALYST

(Charter Section 10.104), in 1996, and have been continuously provided by an outside contractor since that time. Mr. Bell reports that although the security services were first certified in 1996, the security services have not been certified for each subsequent year. According to Mr. Bell, the DPT incorrectly assumed that the Office of Contract Administration—Purchasing Division would manage the Proposition J (Charter Section 10.104) certification process. Mr. Bell notes that the DPT has recently begun to centrally track all Proposition J requirements.

3. The Contractual Services Cost used for the purpose of this analysis is based on the projected costs of the new contractor, Zonux Security Solutions for FY 2003-2004.

4. According to Mr. Bell, security services are currently provided by McCoy's Patrol Service on a month-to-month basis. Mr. Bell reports that the original contract with McCoy's Patrol Services was for the three-year period from March of 1997 through March of 2000. Mr. Roger Arcia of the Purchasing Division reports that the contract with McCoy's Patrol Services has continued on a month-to-month basis since March of 2000 because of staff turnover at the Purchasing Division that hindered the Purchasing Division's ability to put out the contract to competitive bidding. Mr. Bell advises that Zonux Security Solutions was selected in March of 2003 through a competitive bid process to provide security services under a new two-year contract to begin once the Board of Supervisors approves the proposed resolution. According to Mr. Bell the contract with Zonux Security Solutions could be renewed for one additional one-year term.

5. The Controller's supplemental questionnaire, with the Department's responses, is shown in the Attachment to this report.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Parking and Traffic

CONTRACT SERVICES: Security Guard Services (Unarmed) for the Department of Parking & Traffic – 1380 Howard Street

CONTRACT PERIOD: Four years from contract amendment approval

- (1) Who performed the activity/service prior to contracting out?

The Department of Parking & Traffic moved to 1380 Howard from the Hall of Justice in November 1995. This service has been contracted out since that time.

- (2) How many City employees were laid off as a result of contracting out?

No City employees will be, or have been, laid off as a result of this contract.

- (3) Explain the disposition of employees if they were not laid off.

N/A

- (4) What percentage of City employees' time is spent of services to be contracted out?

N/A

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

This service has been contracted since November 1995. This will likely be an on-going request for contracting out.

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

The first year was 1996. It was not certified for each subsequent year.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

This contract will not significantly impact the department's goals in our MBE/WBE Action Plan.

- (8) Does the proposed contractor provide health insurance for its employees?

Yes.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Yes to both questions.

- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?

Yes.

Department Representative: Steve Bell

Telephone Number: 554-9825

Item 6 – File 03-1494

Department: DPW Bureau of Engineering
DPW Bureau of Construction Management

Item: Resolution concurring retroactively with the Controller's determination that security guard services can continue to be practically performed for the DPW Bureau of Engineering and the DPW Bureau of Construction Management at 1680 Mission Street by private contractor for a lower cost than if the services were performed by City employees.

Service to be Performed: Security guard services at the DPW facility at 1680 Mission Street.

Description: Charter Section 10.104 provides that the City may contract with private firms for services which have been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the security services for FY 2003-2004 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$63,148	\$74,657
Fringe Benefits	<u>17,669</u>	<u>18,588</u>
Total	\$80,817	\$93,245
 <u>Contractual Services Costs</u>	 <u>56,095</u>	 <u>56,095</u>
 <u>Estimated Savings</u>	 \$24,722	 \$37,151*

*Rounded

Comments: 1. According to Mr. George Thoppil of the Department of Public Works (DPW), security guard services at the DPW Bureau of Engineering and the DPW Bureau of

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Construction Management at 1680 Mission Street were first certified as required by Proposition J (Charter Section 10.104.15) in FY 1991-1992 and have been continuously provided by an outside contractor since that time. Mr. Thoppil advises that the contract with McCoy's Patrol Services expired on July 31, 2003 and since that time, the contract has been extended with McCoy's Patrol Service by the Office of Contract Administration for the five-month period from August 1, 2003 through December 31, 2003. According to Mr. Mike Ward of the Office of Contract Administration, the contract was extended for a five-month period to provide the Office of Contract Administration with sufficient time to conduct a new competitive bidding process.

2. According to Ms. Trudye Byars, Senior Purchaser in the Office of Contract Administration, if the subject resolution is approved, the Office of Contract Administration will competitively bid for a new security guard services contract for an anticipated three-year term from January 1, 2004 to December 31, 2006.

3. Mr. Joe Matranga of the Controller's Office reports that the Contractual Services Costs used for the purpose of this analysis is based on DPW's estimated hours and hourly rates for security guard services at the Bureaus of Engineering and Construction Management for FY 2003-2004.

4. The Controller's supplemental questionnaire, with the Department's response, is shown in the Attachment to this report.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: PUBLIC WORKS

CONTRACT SERVICES: Security Guard Service (Unarmed)

CONTRACT PERIOD: 08/01/03 to 07/31/06

- (1) Who performed the activity/service prior to contracting out? Certain private contractor was performing for the previous occupant. This building was acquired by the City and opened out for DPW Bureaus since 1991.
- (2) How many City employees were laid off as a result of contracting out? None
- (3) Explain the disposition of employees if they were not laid off. N/A. The current contractor was engaged since the commencement of operation of the DPW Bureaus in 1991.
- (4) What percentage of City employees' time is spent of services to be contracted out? None
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out? 12 years - ongoing
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year? 1991-92. Every two to three years, retroactively.
- (7) How will the services meet the goals of your MBE/WBE Action Plan? The current contractor has MBE/WBE status.
- (8) Does the proposed contractor provide health insurance for its employees? Not currently. But intend to provide in the ensuing and all future contracts.
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance? Yes. They are in compliance of 12-B Ordinance.
- (10) Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance? Not currently. But intend to provide MCO benefits in the ensuing and all future contracts.

Department Representative: George Thoppil

Telephone Number: 415/554-8356

Item 7 - File 03-1516

Department: Department of the Environment (DOE)

Item: Hearing to consider the release of reserved funds for the DOE's Environmental Justice Grant Program in the amount of \$3,042,693 to continue funding the staff, grants programs, services of other departments and other related expenses.

Amount: \$3,042,693 (See Comment No. 1)

Source of Funds: California Public Utilities Commission (CPUC) grant funds

Description: State grant funds totaling \$13,000,000 from the CPUC for the Environmental Justice Grant Program were awarded to the City to mitigate community issues and avoid environmental impacts related to the shut down of the Hunters Point Power Plant and the possible sale and expansion of the Potrero Power Plant. In the FY 1999-2000 budget, the Board of Supervisors appropriated and reserved the entire \$13,000,000 CPUC grant funds in the Mayor's Office of Economic Development, pending the submission of detailed budget and program plans. The Environmental Justice Grant Program has been developed based on community input to address the environmental justice, environmental health and energy issues in the Bayview Hunters Point and Potrero Hill neighborhoods.

On May 9, 2002, the Finance Committee released \$9,615,121 of the \$13,000,000 on reserve in the Mayor's Office of Economic Development (File 01-0257), including \$8,614,393 for grants to 13 nonprofit agencies and \$1,000,728 for administrative expenses for the Department of Environment, leaving a balance of \$3,384,879 on reserve. According to Mr. Mark Westlund, due to legislative requirements for environmental mitigation and oversight related to the subject grant funds, the Department of Environment is developing and administering the subject Environmental Justice Grant Program, instead of the Mayor's Office of Economic Development.

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The Finance Committee continued to reserve the balance of \$3,384,879 pending (1) the development of a specific Request for Proposal (RFP) process, (2) the selection of additional grantees, and (3) selection of an outside consultant to evaluate the grant projects. On February 5, 2003, based on the development of a specific RFP process, the Finance Committee released an additional \$342,186, including \$317,186 to fund seven nonprofit agencies in FY 2002-2003 and \$25,000 for a private technical consultant to oversee the nonprofit organization working on the green building project, an energy efficient and environmentally responsible facility, leaving a balance of \$3,042,693 on reserve. Mr. Westlund advises that \$275,000 of the remaining \$3,042,693 on reserve is to be expended for an outside consultant to evaluate the projects awarded with these grant funds.

Budget:

Mr. Westlund provided Attachment I, which identifies the allocation of expenditures to date from the original \$13,000,000 State allocation, including the requested release for \$576,544. The requested \$576,544 includes \$76,544 for three additional grants awarded in FY 2002-2003 (See Comment No. 2) and \$500,000 for the potential grants that will be awarded in FY 2003-2004 (See Comment No. 4).

Comments:

1. The subject request was initially for the balance of the \$3,042,693 (\$13,000,000 original appropriation less \$9,615,121 released in May of 2002 less \$342,186 released in February of 2003) remaining on reserve. However, Mr. Westlund advises that the Department of the Environment is now requesting that \$576,544, instead of \$3,042,693, be released from reserve, resulting in a balance of \$2,466,149 remaining on reserve.

2. Attachment II provided by Mr. Westlund contains the list of 17 nonprofit applicants who submitted letters of intent to the Department of the Environment during the second cycle of grant applications in FY 2002-2003 for a total request for \$703,673 of such grant funds. Attachment II identifies the three nonprofit organizations, (1) Bayview Hunters Point

Multipurpose Senior Services (\$30,000), (2) San Francisco Green Schoolyard Alliance (\$16,830) and (3) Southeast Sector Community Development Corporation (III) (\$29,714) that DOE has selected to receive the second cycle of grant funds for \$76,544 in FY 2002-2003.

Although these three nonprofit agencies were not selected until July 9, 2003, Mr. Westlund advises that these three grants are considered to be part of the FY 2002-2003 grant funding cycle. In addition, Mr. Westlund advises that although these three nonprofit agencies were selected on July 9, 2003 or approximately three months ago, to date, these three contracts have not yet been awarded by DOE and the work has not yet commenced. Attachment III, provided by Mr. Westlund, summarizes the projects that would be undertaken by each of the three nonprofit organizations with these grant funds totaling \$76,544.

As noted above, DOE previously awarded a total of \$342,186 in the first cycle of the FY 2002-2003 Environmental Justice Grant Program to seven nonprofit agencies and one private technical consultant. This amount of \$342,186 plus the subject requested \$76,544 of additional funding for three nonprofit agencies results in total FY 2002-2003 grant funding of \$418,730 for ten nonprofit agency grants and one private technical consultant.

3. Attachment IV, provided by Mr. Westlund, explains the background, Request For Proposal (RFP) process and the current and future funding cycles for the Environmental Justice Grant Program. As discussed in Attachment IV, the Department of the Environment has decided to condense the grant application process into a single step process, requiring applicants to submit completed applications when they first apply, rather than the previous two-step process which required applicants to submit an initial Letter of Intent followed by a completed application. According to Mr. Westlund, condensing the current two-step application process into one step will provide a more streamlined and efficient process for the DOE.

4. As stated in Attachment IV, on September 30, 2003 completed applications are due from potential applicants for the upcoming FY 2003-2004 grant cycle. In addition to the subject request of \$76,544 as described above, the DOE is now also requesting that \$500,000 of grant funds be released from reserve for this upcoming grant cycle, for a total request of \$576,544. However, given that the applications are not due until September 30, 2003, Mr. Westlund advises that the Department cannot identify the number of nonprofit agencies, the specific organizations, the actual projects, the budgets or the grant amounts that would be awarded to each organization at this time.

5. The Budget Analyst notes that the initial grant was awarded to the City and placed on reserve by the Finance Committee of the Board of Supervisors in FY 1999-2000, at which time the Board of Supervisors had requested additional specific information regarding the organizations that would receive funding, and detailed budgeted expenditures, prior to release of such funds. Since that time, the Board of Supervisors has granted additional, albeit varying levels of flexibility for City departments to oversee expenditures, particularly of grant funds, to private and nonprofit contractors. Therefore, as of the writing of this report, since the DOE cannot provide the level of detail previously provided, including the organizations selected and related detailed budgets, the Budget Analyst considers approval of the requested \$500,000 for the upcoming FY 2003-2004 to be a policy matter for the Board of Supervisors. The Budget Analyst also notes that, although as of the writing of this report, the DOE has not received the FY 2003-2004 applications which are due on September 30, 2003 for this requested \$500,000, by the time of the October 1, 2003 Finance and Audits Committee Meeting, such applications would have been submitted to DOE.

Recommendations: 1. Release \$76,544 for three grants awarded in the second cycle for FY 2002-2003.

2. Approval of the requested additional \$500,000 for the FY 2003-2004 grants is a policy matter for the

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance and Audits Committee

October 1, 2003 Finance and Audits Committee Meeting

Board of Supervisors, as explained in Comment No. 5
above.

ATTACHMENT I - SF ENVIRONMENT
ALLOCATION OF EXPENDITURES - \$13 MILLION STATE APPROPRIATION

EXPENSES	SUBTOTALS	BUDGET
Total Amount Released to Date		\$9,957,307
Administrative Costs	\$1,000,728	
Grants Awarded in FY 01-02	\$8,614,393	
Grants Awarded in FY 02-03	\$317,186	
Technical Assistance/Consultant	\$25,000	
Requested Release		\$576,544
Outstanding Grants Awarded in FY 02-03	\$76,544	
Grants for FY 03-04	\$500,000	
Funds Remaining on Reserve		\$2,466,149
Funds for Remaining Grant Cycles	\$2,466,149	
\$ 13 MILLION EJ PROGRAM BUDGET		\$13,000,000

**ATTACHMENT II – SF ENVIRONMENT
LIST OF APPLICANTS WHO SUBMITTED LETTERS OF INTENT**

<i>Name of Organization</i>	<i>Amount Requested</i>	<i>Amount Granted</i>
Bayview Hunters Point Multipurpose Senior Services	\$30,000	\$30,000
Business Development Inc.	\$50,000	\$0
Friends of the Urban Forest	\$32,850	\$0
Healthy Children Organizing Project	\$50,000	\$0
Holiday Foundation	\$50,000	\$0
Renaissance Parents of Success	\$30,000	\$0
San Francisco Food Bank	\$50,000	\$0
San Francisco Green Schoolyard Alliance	\$16,830	\$16,830
Southeast Sector Community Development Corporation (I)	\$23,400	\$0
Southeast Sector Community Development Corporation (II)	\$25,479	\$0
Southeast Sector Community Development Corporation (III)	\$29,714	\$29,714
Southeast Sector Community Development Corporation (IV)	\$42,000	\$0
Southeast Sector Community Development Corporation (V)	\$48,400	\$0
Southeast Sector Community Development Corporation (V)	\$50,000	\$0
UJAMAA Westbrook Hunters Point "A" East Resident Management Corporation	\$50,000	\$0
Urban Resource Systems	\$50,000	\$0
Young Community Developers/ Shoreview Residents Association/ Southeast Neighborhood Jobs Initiative Roundtable	\$50,000	\$0
Young Minds in Motion	\$75,000	\$0
Totals	\$703,673	\$76,544

ATTACHMENT III – SF ENVIRONMENT

Remaining FY 02-03 Environmental Justice Grants

<u>Applicant Name/ Project Start and End Dates</u>	<u>Amount Requested</u>	<u>Funding Approved</u>	<u>Project Summary</u>
Bayview Hunters Point Multipurpose Senior Services	\$ 30,000.00	\$ 30,000.00	Provide information and conduct presentations about asthma and other environmental health diseases to seniors in BVHP and screen
San Francisco Green Schoolyard Alliance	\$ 16,830.00	\$ 16,830.00	Develop a school greening resource center with curriculum, displays, books, and other info for the Living Classroom at Heron's Head Park. Provide technical assistance to teachers and community members to green schools.
Southeast Sector Community Development Corporation	\$ 29,714.00	\$ 29,714.00	Children of BVHP will document environmental degradation in their community through photography and essay contests. Work will be videotaped and displayed in the community.
TOTAL	\$ 76,544.00	\$ 76,544.00	



SF Environment

Our home. Our city. Our planet.



WILLIE L. BROWN, JR.
Mayor

JARED BLUMENFELD
Director

MEMORANDUM

TO: Debra Newman
FROM: Mark Westlund
DATE: September 23, 2003
RE: Environmental Justice/Release from Reserves

Introduction

The Department of the Environment is currently administering an Environmental Justice (EJ) Grant program. This EJ grant program is in its third year of operation and supported by \$13,000,000 in funds that were originally appropriated by the State of California in 1998. During the first two years of administering the EJ Grant Program, the Department has awarded grants to 20 organizations and awarded consultant fees for a green building project, for a total of \$8,956,579. Today, we are requesting the release of \$76,544 for the award of Environmental Justice grants to three non-profit organizations selected in most recently completed grant cycle, as well as \$500,000 for grants to be awarded in the cycle for which applications are due September 30, 2003. Our total request for release is \$576,544.

Background

In the Fall of 1998 the State of California appropriated funding in the amount of \$13,000,000 to support the City and County of San Francisco, with \$3,000,000 to be used to mitigate community issues and avoid environmental impacts arising from the sale of the Potrero Power Plant by the Pacific Gas and Electric Company and \$10,000,000 to be used by the City and County for infrastructure associated with the shut down of the Hunters Point Power Plant and the sale and possible expansion of the Potrero Power Plant.

Although the State of California appropriated \$13,000,000 to the City and County of San Francisco in 1998, the Department of the Environment was not involved in the process to determine the use of these funds until 1999. In the fall of 1999, Mayor Brown directed the Department to develop a program for the disbursement of the State funds. In accordance with the State appropriation legislation, the Department earmarked the \$13,000,000 for projects and programs for the Bayview Hunters Point and Potrero Hill communities. The Department concluded that the most appropriate means of disbursement of funds to the communities was through a grant program and subsequently formed an Ad Hoc Committee of the Commission on the Environment to develop a comprehensive plan for the grant program. The Committee sought input from the public, City officials, nonprofit organizations and foundations and held five public meetings, including two in the affected communities, to ensure that all comments and concerns were

considered in developing priorities and criteria for the grant program, a process that took approximately one year. The Department then commenced the EJ Grant Program in 2000, pursuant to the guidelines that were adopted by the Committee.

The EJ Grant Program is based on community input to address the environmental justice, environmental health and energy issues in the Bayview Hunters Point and Potrero Hill neighborhoods. Through the Environmental Justice Program, the Department funds projects and programs that conduct environmental and resource efficiency education, outreach and advocacy, job-training and placement in sectors which serve to improve environmental conditions and capital improvement projects such as open space enhancement, weatherization and design and construction of community serving facilities.

During the first year of administering the EJ Grant Program (FY 2001/2002), the Department awarded grants to 13 organizations, for a total of \$8,614,393. During the second year of the EJ Grant Program (FY 2002/2003), the Department awarded seven grants in the amount of \$317,186 and a technical consulting contract in the amount of \$25,000 for a green building project. The Department is currently requesting the release of \$76,544 for an additional three grants awarded during FY 2002/2003.

The Department has conducted the Request for Proposal (RFP) process for the EJ Grant Program in two phases. In the first phase, applicants submitted a letter of intent (LOI) and an initial application to apply for the subject grant monies. In reviewing the LOIs and initial applications, the Department rejected proposals that did not meet the guidelines stated in the application packet, did not articulate goals and objectives clearly, could not be implemented in the timeframe allotted, could potentially collapse without future funding, and could not guarantee sustainable results. All other proposals were accepted for the second phase.

In phase two, applicants were asked to elaborate on their projects by submitting complete proposals and detailed work plans. The selection of complete proposals was based on a selection panel's evaluation of the project's goals and objectives, the implementation plan (work plan), management experience of the organization, cost-effectiveness of the project budget, level of community involvement, and responses to questions or comments during an interview. The selection panel, consisting of our Executive Director, a Commissioner with the Commission on the Environment and the two grant program managers reviewed all applications and complete proposals. The panel members prepared questions and comments on the proposals and then conducted interviews with the final applicants. Based on the initial proposals, complete proposals, and interviews, the panel developed funding recommendations. These recommendations were submitted to the full Commission on the Environment for final approval.

The Department will continue to conduct the RFP process in a careful, objective manner, and apply the same criteria described above. However, we decided to condense the application process into a single step, and require applicants to submit complete proposals when they first apply. We will no longer conduct a two-step process and have omitted the requirement of the initial LOI.

Current Funding Cycle

The Department of the Environment is requesting the release of \$76,544.00 from reserve for the purpose of funding three projects that have been awarded grants for the previous Environmental Justice grant cycle. We received 17 initial applications for phase one of the grant cycle. See Attachment II, for a list of the applicants that submitted LOIs. Of these 17 initial applicants, we invited 5 organizations to submit

complete proposals. Based on a careful screening and evaluation process, we made recommendations to the Commission on the Environment to award grants to three of these organizations. See Attachment III for names of organizations and their respective budgets.

Future Grant Cycles

The Department will conduct future grant cycles in accordance with the policies and procedures described above. We will continue to annually solicit proposals for projects that address the environmental justice, environmental health and energy issues in the Bayview Hunters Point and Potrero Hill neighborhoods. On September 30, 2003, applications are due for the upcoming grant cycle. We request the release of \$500,000 from reserve in order to streamline the process of disbursing grant funds.

Item 8 – File 03-1348

Note: This item was continued by the Finance and Audits Committee at its meeting of September 17, 2003.

Department: Department of Children, Youth and Their Families (DCYF)

Item: Hearing to request release of reserved funds for the Department of Children, Youth and Their Families in the amount of \$37,500.

Amount: \$37,500

Source of Funds: Children's Fund. In the FY 2003-2004 budget, \$20,247,273 was appropriated by the Board of Supervisors from the Children's Fund for grants to community-based organizations. Of this appropriated amount, \$37,500 was placed on reserve by the Board of Supervisors.

Description: In the FY 2003-2004 budget, the Board of Supervisors placed on reserve \$37,500 of the \$20,247,273 appropriated to the DCYF for grants to community-based organizations, pending the submission of programmatic and budget details by DCYF to the Board of Supervisors for the Community Resource and Referral Program, operated by the San Francisco Neighbors Resource Center, a nonprofit agency. The \$37,500 in reserved funds represent nine-months or 75 percent of the total FY 2003-2004 grant allocation of \$50,000. The Community Resource and Referral Program operated by the San Francisco Neighbors Resource Center provides information and referral services to primarily Chinese and Vietnamese families, with limited English fluency, that reside in the Sunset District of San Francisco. According to Mr. Ken Bukowski of the DCYF, the Community Resource and Referral Program offers telephone and walk-in information and referral services to families in need of services such as after-school programs, child care, academic tutoring, and family support. Attachment I, provided by Mr. Bukowski, is a memorandum describing the San Francisco Neighbors Resource Center's Community Resource and Referral Program.

- Budget:** Attachment I includes a budget showing how the total grant allocation of \$50,000 will be expended.
- Comment:** Attachment II provided by Mr. Bukowski describes the selection process pertaining to the \$50,000 allocation for the San Francisco Resource Center.
- Recommendation:** Approve the requested release of reserved funds in the amount of \$37,500.



YOUTH AND THEIR FAMILIES

Willie L. Brown, Jr.

Mayor

Brenda Lopez

Director

DATE: September 10, 2003

TO: Leanne Nhan, Budget Analyst's Office

FROM: Ken Bukowski, Assistant Director – Budget & Administration

SUBJECT: Item 03-1348: Overview of San Francisco Neighbors Resource Center's Community Resource and Referral Program

Pursuant to your request, the Department of Children, Youth and Their Families (DCYF) hereby submits this memorandum in support of its request to release reserved funds in the amount of \$37,500 to provide nine months of funding for the San Francisco Neighbors Resource Center's Community Resource and Referral Program. Specifically, you requested additional information about the program, an explanation of the number of families being served by the program and the cost per family served.

The Community Resource and Referral Program provides information and referral services to families who reside in the Sunset District. The majority of the program's clients are Chinese and Vietnamese families with limited English fluency. The program consists of two primary components: information/referral and community outreach.

Families call the phone line or come into the program's office to find out about services that meet their family's needs, such as after-school programs, child care, academic tutoring and family support. The program coordinator who answers the phone line and meets with clients also maintains and updates a database of public and private organizations that provide services for children, youth and their families, with the goal of increasing families' capacity to effectively utilize resources and services. The program coordinator ensures the information and referral database is continuously updated by conducting outreach in the community to learn about available services and by participating in community fairs to gather information and make others aware of the program's referral services.

San Francisco Neighbors Resource Center was awarded a two-year grant as part of the DCYF's 2002-04 Request for Proposals process conducted in early 2002. The grant agreement covers the period of July 1, 2002 – June 30, 2004 and specifies that the grantee will receive \$50,000 each fiscal year to provide information and referral services to 150 families who reside in the Sunset District. As part of the 2003-04 budget process, \$37,500 of the 2003-04 grant award (nine months of the program's operating budget) was put on reserve. The budget for the twelve-month grant period is as follows:

36,000	Program Coordinator Salary - The program coordinator is a full-time (40 hours per week) position responsible for answering the information and referral line, as well as conducting outreach in the community to continuously update the referral database.
4,410	Program Coordinator Fringe
900	Printing - Estimated printing costs for flyers, business cards and marketing literature.
2,400	Program Expenses - Cost of radio advertisement spot placement at \$200 per month.
<u>6,290</u>	Administrative - Administrative expenses consisting of bookkeeping and tax preparation (\$2,250), insurance (\$2,000), janitorial service (\$1,200), telephone (\$480) and utilities (\$360).
\$50,000	Total 2003-04 Grant Award

The program served 197 families during FY 2002-03, exceeding its contract objectives. The reported number of families served by the program does not include families that are reached through community events and other outreach activities.

Based on the number of families served through the program's telephone-based information and referral services during FY 2002-03, the cost per family served was \$254. It is difficult to compare the cost per family served through this program to the cost of other information and referral services since the DCYF contract pays for the entire cost of the Community Resource and Referral Program, while other DCYF information and referral service grants pay for only a portion of a program's total cost. Thus, the actual cost per family served of other information and referral services are likely similar to the cost noted for the program operated by San Francisco Neighbors Resource Center.



YOUTH AND THEIR FAMILIES

Willie L. Brown, Jr.

Mayor

Brenda Lopez

Director

DATE: September 10, 2003
TO: Leanne Nhan, Budget Analyst's Office
FROM: Ken Bukowski, Assistant Director – Budget & Administration
SUBJECT: Item 03-1348: Selection Process for San Francisco Neighbors Resource Center's Community Resource and Referral Program Grant Award

Pursuant to your request, the Department of Children, Youth and Their Families (DCYF) hereby submits this memorandum that briefly outlines the selection process used to make the grant award to San Francisco Neighbors Resource Center's Community Resource and Referral Program.

As noted in the prior memo, San Francisco Neighbors Resource Center was awarded a two-year grant as part of the DCYF's 2002-04 Request for Proposals (RFP) process conducted in early 2002. The DCYF released an RFP on February 5, 2002 for community-based programs serving children, youth and their families in San Francisco. The DCYF received approximately 200 proposals in March 2002 in response to the RFP. RFP proposal review panels made up of external readers, including members of the Children's Fund Citizens' Advisory Committee, were established to review and score all of the proposals. DCYF staff also read and scored all proposals.

After the external and internal review process was completed, DCYF staff conducted another review of the target populations and neighborhoods served by the highest ranked proposals before making final funding decisions. The final award decisions, including the award to San Francisco Neighbors Resource Center, were made in May 2002. The grant agreement negotiated with the San Francisco Neighbors Resource Center was for \$50,000 per fiscal year to provide information and referral services to 150 families who reside in the Sunset District for the period of July 1, 2002 – June 30, 2004.

Item 9 - File 03-1548

Department: Administrative Services, Real Estate Division (RED)
Public Library

Item: Resolution authorizing the execution and performance of an Agreement of Purchase of Real Estate between the City and County of San Francisco and the San Francisco Unified School District (SFUSD) (the "Seller"), for the purchase by the City from the SFUSD of real property and improvements located at 380 Bacon Street, for use as the Portola Branch Library of the San Francisco Public Library; adopting findings under the California Environmental Quality Act; and adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1.

Description: Approval of the proposed resolution would authorize the Director of Property to acquire the property from the SFUSD located at 380 Bacon Street on behalf of the Public Library for use as the Portola Branch Library. The property located at 380 Bacon Street consists of approximately 8,800 square feet of vacant land currently owned by the San Francisco Unified School District, referred to as the Seller. The 8,800 square feet of vacant land located at 380 Bacon Street is part of the Martin Luther King, Jr. Middle School property, owned by the Seller.

The Portola Branch Library is currently located in a leased 3,531 square foot facility at 2450 San Bruno Avenue for which the Public Library pays approximately \$7,359 per month (\$88,308 annually), or approximately \$2.08 per square foot per month. The current lease expires June 30, 2005.

Mr. George Nichols of the Public Library advises that the acquisition cost of \$1,287,000 for the 8,800 square feet of vacant land at 380 Bacon Street, where a new Portola Branch Library building will be constructed, will be funded through voter approved Proposition A, Branch Library Facilities Improvement Bond Measure (2000), issued to improve the Public Library Branches. Mr.

BOARD OF SUPERVISORS
BUDGET ANALYST

Nichols adds that Proposition A included bond funds for renovating existing branch libraries and acquiring permanent locations for branches currently in leased facilities. The subject purchase includes 8,800 square feet of vacant land at 380 Bacon Street, currently located on an under-utilized portion of the Martin Luther King, Jr. Middle School property, owned by the SFUSD.

Location: 380 Bacon Street, at the northeast corner of Goettingen Street and Bacon Street, San Francisco.

Seller: San Francisco Unified School District

Buyer: City and County of San Francisco

Purchase Price: \$1,287,000, for 8,800 square foot of property consisting of vacant land located at 380 Bacon Street plus \$483,000 for the related acquisition costs. A budget for the related property acquisition costs is shown in Attachment I, provided by Mr. Charlie Dunn of the Real Estate Division. The purchase price of \$1,287,000 results in a cost per square foot of approximately \$146.25, based on 8,800 square feet of land.

Source of Funds: 2000 Branch Library Facilities Improvement Bond monies

Comments: 1. According to Mr. Dunn, the subject property was appraised at \$1,170,000 on September 13, 2003 by Clifford Associates, an appraisal firm retained by the Real Estate Division. Attachment II, provided by Mr. Dunn, is a copy of the appraisal conducted by Clifford Associates on the subject property, showing the appraised value of \$1,170,000. Attachment III, provided by Mr. Dunn notes that the appraised value of \$1,170,000 was for an 8,000 square foot site. Mr. Dunn adds that due to the design and physical constraints for the proposed Portola Branch Library, the site size was increased by 800 square feet, subsequent to the appraisal, to 8,800 square feet, or by 10 percent, with the resulting purchase price of \$1,287,000, an increase of 10 percent over the previously appraised value of \$1,170,000.

2. In addition to the land acquisition costs of \$1,287,000, according to Mr. Nichols, construction costs for the new Portola Branch Library, which will contain an estimated 6,000 square feet, is estimated at \$1,953,000, or approximately \$325.50 per square foot. Additionally, design costs are estimated at \$665,000, for total estimated construction and design costs of \$2,618,000 also to be funded from the 2000 Branch Library Facilities Improvement Bond Funds. Mr. Nichols advises that the new Portola Branch Library is anticipated to open in the Spring of 2007. The Portola Branch Library at 2450 San Bruno Avenue has an existing lease expiring June 30, 2005. Mr. Dunn reports that between June 30, 2005 and the opening of the new Portola Branch at 380 Bacon Street, the lease will be renewed month to month.

3. On September 3, 2003, the Department of City Planning found that the proposed acquisition of 380 Bacon Street is consistent with the City's General Plan and the Eight Priority Policies under Planning Code Section 101.1.

4. On September 3, 2003, the Department of City Planning found that the proposed acquisition 380 Bacon Street is categorically exempt from environmental review under the California Environmental Quality Act because it has no potential for causing a significant effect on the environment.

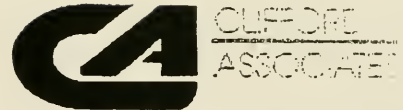
Recommendation: Approve the proposed resolution.

<u>Associated Property Acquisition Costs</u>	<u>Amount</u>
Closing & Due Diligence	
Closing costs ⁴	\$1,350
Title Insurance	\$10,965
Appraisal ⁴	\$4,800
City Attorney services ³	\$26,400
Phase I Environmental Study ³	\$5,433
Subdivision Costs ³	\$18,000
Feasibility Study (Geotechnical Report) ³	\$18,772
Boundary Survey ³	\$13,268
CEQA & General Plan Referral for Property Acquisition ²	\$4,000
Site Preparation	
Site Preparation ¹	\$325,012
CEQA and General Plan Referral ²	\$55,000
Total:	\$483,000

- 1 Estimated, includes demolition, removal of paving, disposal fees, abatement, utility connection fees, safety fencing, signage.
- 2 Estimated
- 3 Paid or Quoted
- 4 Assumes credit for shared costs between the City & SFUSD.

Provided by Real Estate Division

John C. Clifford, MAI



REAL ESTATE APPRAISAL & CONSULTING

September 13, 2002

Mr. Marc McDonald
Director of Property
City of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

RE: Appraisal Report
Development Site
Portion of
350 Girard Street
APN 5983-002
San Francisco, CA

Dear Mr. McDonald:

Subsequent to your request and authorization, I have completed an appraisal to estimate the Market Value of the Fee Simple Interest in the approximately 8,000 SF portion of the school property located at 350 Girard Street in the City of San Francisco, CA.

The site is under the ownership of the San Francisco Unified School District state agency. For this valuation analysis, a transfer of ownership to a private interest is assumed, based on the following assumptions.

1. No consideration is given to Article 8, section 54220, Chapter 5, Part 1, Division 2, Title 5 of the Government Code. This provision requires that surplus government land should be made available for public housing or park and recreation purposes or for open-space purposes prior to disposition. Therefore, it is assumed the property is ready and available to be sold to private ownership interests seeking to maximize the property's use potential as outlined below.
2. Market based development of the site is subject to the zoning requirements of a Neighborhood Commercial District (NCD), which is intended to provide mixed use residential and commercial services. It is noted the NCD land use controls are different from the subject's RH 1 zoning, but the NCD zoning tends to reflect the type of land use controls more often required to realize a commercial or quasi-commercial use like the intended library use.

It is noted the NCD zoning assumption precludes the determination of highest and best use, and therefore, the analysis constitutes a limited appraisal assignment.

September 13, 2002

Page 2

Under these assumptions, the appraiser concludes the site could support a mixed use commercial / residential development supporting approximately 13 residential units. This determination is discussed in the report.

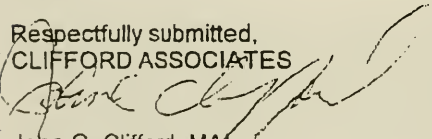
In order to appraise this property, I have completed an inspection of the subject property, reviewed property records, and observed trends of land uses in the area. In addition, comparable land sales for similar properties were investigated.

Based upon the analysis of the available information, the Market Value of the Fee Simple Interest in the subject property as described herein as of September 1, 2002, is estimated to be:

ONE MILLION ONE HUNDRED SEVENTY THOUSAND DOLLARS
\$1,170,000

The summary report of the limited appraisal, continues with a Summary of Salient Facts and Conclusions, and contains 25 pages, along with addenda. The valuation stated herein is subject to the conditions and assumptions stated on the following pages. In addition, the report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Ethics and the Standards of Professional Conduct of the Appraisal Institute.

Respectfully submitted,
CLIFFORD ASSOCIATES



John C. Clifford, MA
SCGRE Certificate No. AG007177

City and County of San Francisco



Real Estate Division
Department of Administrative Services

MEMORANDUM

September 22, 2003

TO: Jema Turk
Budget Analyst Office

FROM: Charlie Dunn
Real Estate Division

SUBJECT: Portola Branch Library
Site Acquisition

Pursuant to your request, attached is the appraisal summary of the 380 Bacon Street site by Clifford and Associates, MAL.

It should be noted that the appraised value of \$1,170,000 was for an 8,000 square foot site. Due to Library design, physical site constraints and other considerations advantageous to the Library, the site size was increased (post appraisal) to 8,800 sf (10%) with the resulting purchase price also increased 10% (from \$1,170,000 to \$1,287,000).

Please call me if you have any questions at 554-9861.

Item 10- File 03-1607

Department: Fire Department

Item: Supplemental appropriation ordinance from the General Fund Reserve for \$1,600,000 for uniform salaries, premium pay, uniform overtime, fringe benefits and materials and supplies to fund Fire Engine 33.

Amount: \$1,600,000

Source of Funds: General Fund Reserve

Budget:

<u>Fire Suppression</u>	
Uniform Salaries	\$872,510
Premium Pay-Uniform	236,857
Overtime-Uniform	184,064
Mandatory Fringe Benefits	161,444
Fuels and Lubricants	20,000
Other Materials and Supplies	20,000
 <u>Fire Support Services</u>	
Other Hosp, Clinics & Lab Supplies	83,125
Other Materials and Supplies	<u>22,000</u>
Total	\$1,600,000

Comments: 1. The Budget Analyst did not have sufficient time to review and complete a report on the proposed supplemental appropriation.

2. According to the October 1, 2003 Finance and Audits Committee calendar, the Chair of the Finance and Audits Committee may entertain a motion to continue this ordinance to the October 8, 2003 Finance and Audits Committee Meeting.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Sandoval
Supervisor McGoldrick
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey



City and County of San Francisco
Meeting Minutes
Finance and Audits Committee

[All Committees]
Government Document Section
Main Library

Members: Aaron Peskin, Gerardo Sandoval and Jake McGoldrick

Clerk: Linda Laws

Wednesday, October 08, 2003

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Gerardo Sandoval, Jake McGoldrick.

MEETING CONVENED

DOCUMENTS DEPT.

The meeting convened at 12:48 p.m.

OCT 14 2003

SAN FRANCISCO
PUBLIC LIBRARY

REGULAR AGENDA

031607 [Appropriate funding from the General Reserve for Fire Engine 33]

Supervisors Sandoval, Gonzalez, Peskin

Ordinance appropriating \$1,600,000 from the General Fund Reserve for uniform salaries, premium pay, uniform overtime, fringe benefits, and materials and supplies and utilities to fund Fire Engine 33 for fiscal year 2003-2004.

9/23/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

10/1/03, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Male Speaker, SFFD.

Supervisor Peskin requested to be added as a co-sponsor.

Continued to 10/8/03.

Heard in Committee. Speakers: Jim Corrigan; Tom O' Connor, Local 798.

Continued to 10/22/03.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

030869 [Tobacco Sales Permit]**Supervisor Maxwell**

Ordinance amending the San Francisco Health Code by adding Article 19H to require a permit for tobacco sales and amending the San Francisco Business and Tax Regulations Code by adding section 249.16 to set the fee for the tobacco sales permit.

5/13/03, RECEIVED AND ASSIGNED to Finance and Audits Committee. 9/13/03, 9/20/03 Dates Publication of Fee Ad.

8/19/03, REFERRED TO DEPARTMENT: Referred to Planning Department for environmental review.

8/22/03, REFERRED TO DEPARTMENT: Referred to Small Business Commission for comment and recommendation.

8/25/03, RESPONSE RECEIVED. Statutorily exempt from CEQA Guidelines Section 15273(a), Rates, Tolls, Fares and Charges; exempt from CEQA Guidelines Sections 15060(c)(3) and 15378, Non-physical exemption.

9/24/03, CONTINUED. Speakers: None.

Continued to 10/8/03.

Heard in Committee. Speakers: Supervisor Maxwell; Rajiv Bhatia, Department of Public Health; Rich McNaughton, SFPD; Michelle Rivero, American Lung Association; Erin Yoshioka, Latino Issues Forum; Femal Speaker, Latino Issues Forum; Juanita Receinos, Mission Housing Development; Hidoshi; Ireri Valenzuela, Youth Leadership Institute; Steve Heilig, San Francisco Medical Society; Christine Fenlon, SF Tobacco Free Coalition.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 1 - Sandoval

031658 [Appropriate State and Federal funding for the CalWORKs, Medi-Cal, IHSS and Foster Care programs]**Mayor**

Ordinance appropriating \$2,399,795 of CalWORKs, Medi-Cal, IHSS and Foster Care funding to fill 28.67 vacant FTEs including deletion of 9.38 FTEs and creation of 9.38 FTEs, purchase one-time materials and supplies, and provide stipends to emancipated foster youth for the Department of Human Services and Amending Annual Salary Ordinance for Fiscal Year 2003-04. (Mayor)

(No Public Benefit Recipient.)

9/30/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: Phil Arnold, Department of Human Services; Luis Calderon; Marie Jobling, Planning for Elders; Nicole Derse, Youth Commission.

RECOMMENDED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 1 - Sandoval

031659 [Public Employment]

Ordinance amending Ordinance No. 171-01 (Annual Salary Ordinance 2003/04) reflecting the abolishment of 14 positions (9.38 FTEs) and the creation of 14 positions (9.38 FTEs) at the Department of Human Services. (Human Resources Department)

(No Public Benefit Recipient.)

9/30/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speaker: Phil Arnold, Department of Human Services.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031517 [Agreement to Sell 418-420 Jessie Street]

Resolution approving and authorizing an agreement with Martin McNeerney Development, Inc. dba Martin Building Company, Inc. for the sale of real property consisting of a former fire station on the first and second floors and vacant warehouse space on the upper six floors, for a purchase price of \$2,900,000; finding that competitive bidding is impractical or impossible; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution. (Real Estate Department)

(Public Benefit Recipient.)

9/3/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

9/24/03, CONTINUED. Heard in Committee. Speaker: Steve Legnitto, Department of Real Estate.

Continued to 10/8/03.

Heard in Committee. Speakers: Patrick Banks, Martin McNeerney Development; Ed Harrington, Controller. Continued to 10/22/03.

CONTINUED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031601 [Authorizing the Teeter Tax Losses Reserve Fund to be governed by Revenue and Taxation Code Section 4703.2 for fiscal year 2002-2003 and thereafter]

Resolution authorizing the Teeter Tax Losses Reserve Fund to be governed by Revenue and Taxation Code Section 4703.2 for fiscal year ending June 30, 2003 and thereafter. (Controller)

(No Public Benefit Recipient.)

9/19/03, RECEIVED AND ASSIGNED to Finance and Audits Committee. Department requests this item be scheduled for consideration at the October 1, 2003 meeting.

Heard in Committee. Speaker: Todd Rydstrom, Controller's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

ADJOURNMENT

The meeting adjourned at 1:51 p.m.

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

October 2, 2003

TO: ≡ Finance and Audits Committee

DOCUMENTS DEPT.

FROM: ≡ Budget Analyst

OCT - 6 2003

SUBJECT: October 8, 2003 Finance and Audits Committee Meeting

SAN FRANCISCO
PUBLIC LIBRARY

Item 1 - File 03-1607

Note: This item was continued by the Finance and Audits Committee at its meeting of October 1, 2003. The following report is based on the existing proposed supplemental appropriation ordinance. However, the Budget Analyst understands an Amendment of the Whole may be submitted at the October 8, 2003 meeting (see Comment No. 5).

Department: Fire Department

Item: Supplemental appropriation ordinance from the General Fund Reserve for \$1,600,000 for uniform salaries, premium pay, uniform overtime, fringe benefits, and materials and supplies to fund Fire Engine 33.

Amount: \$1,600,000

Source of Funds: General Fund Reserve. The Budget Analyst understands that the source of funds may be subject to change under the proposed Amendment of the Whole to be submitted to the Finance and Audits Committee at its October 8, 2003 meeting (see Comment No. 5).

Description: The Fire Department's FY 2003-2004 budget, as previously approved by the Board of Supervisors, was balanced on the assumption that Fire Engine 33, an

Advanced Lifesaving (ALS) engine staffed at all times with one officer (an H30 Captain or H20 Lieutenant) one Classification H-3 Firefighter Paramedic, and two Classification H-2 Firefighters, would not be in operation for most of FY 2003-2004. Specifically, Fire Station 33, located at 8 Capitol Avenue at Broad Street, was to be closed during the approximate ten-month seismic retrofitting of Fire Station 33 from October 1, 2003 through July 30, 2004. Fire Station 33 is being seismically retrofitted as part of the Fire Department's ongoing seismic retrofitting of its fire stations funded by 1992 Proposition C Fire Department General Obligation Bonds, approved by the voters in November of 1992.

As shown in Attachment I provided by Ms. Christine Ragan of the Fire Department, for the nine months that the Fire Station 33 was projected to be closed in FY 2003-2004 (October, 2003 through June 30, 2004), the Fire Department was budgeted to save in FY 2003-2004:

- Savings of \$1,859,922, or an average of \$206,658 per month, in personnel costs including a relief factor of 20.8 percent. According to Ms. Ragan the relief factor of 20.8 percent was calculated based on the Fire Department's experience for the past three years in relation to employees' usage of vacation, sick leave, disability leave, and compensatory time off.
- Savings of \$123,325, or an average of approximately \$13,703 per month, in non-personnel costs including fuel, utilities, medical and rescue supplies, and pharmaceuticals.
- Therefore, as shown in Attachment I, Ms. Ragan reported that the total estimated FY 2003-2004 savings were \$1,983,247, or an average of approximately \$220,361 per month for nine months.

For the reasons outlined in Comment No. 2 below, the Fire Department now anticipates that Fire Station 33 will be closed between November of 2003 and September of 2004, which means that Fire Station 33 would be closed for eight months instead of nine months in FY 2003-2004 (November 1, 2003 to June 30, 2004). The subject supplemental appropriation from the General Fund Reserve in the amount of \$1,600,000, is intended to fund the ongoing provision of fire suppression and emergency

medical services during the nine-month period (October 1, 2003 through June 30, 2004) that Fire Station 33 would be closed for seismic retrofitting.

Budget:

Ms. Ragan has submitted a proposed budget for a nine-month period from October 1, 2003 through June 30, 2004. for the operation of Fire Station 33 in the amount of \$1,624,125 as shown in Attachment I, or \$24,125 more than the proposed supplemental appropriation of \$1,600,000. The savings originally envisaged in the Fire Department's FY 2003-2004 budget from closing Fire Station 33 for nine months from October 1, 2003 through June 30, 2004, compared with the Fire Department's budget for restoration of nine months of operation for Engine 33 is summarized as follows:

Expenditure Category	FY 2003-2004 Original Savings from closing Fire Station 33 from Oct 1, 2003 – June 30, 2004 (nine months) *	Latest Budget Submitted by Ms. Ragan; Appropriation to operate Fire Station 33 from Oct 1, 2003 – June 30, 2004 (nine months) **
Salaries (17.00 FTEs) *	\$1,414,264	\$900,433
Fringe (15.28 percent of salaries)	216,100	137,586
Premiums as determined by MOU	229,558	206,141
Overtime **	<u>0</u>	<u>284,931</u>
<i>Salaries and Fringe Subtotal:</i>	\$1,859,922	\$1,529,091
Other hospital, clinical & lab supplies for ALS Fire Engine 33	51,925	40,034
Fuel	19,500	15,000
Materials and supplies	41,550	32,000
Utilities	<u>10,350</u>	<u>8,000</u>
<i>Non-salary Subtotal:</i>	\$123,325	\$95,034
TOTAL:	\$1,983,247	\$1,624,125
Approximate average per month for nine months:	\$220,361	\$180,458

* Includes a relief factor of 20.8 percent.

** Does not include any relief factor because overtime is budgeted separately. In Attachment I, Ms. Ragan states that overtime would be required to maintain operation of Fire Engine 33 in FY 2003-2004.

As shown in the table above, the estimated cost of restoring Fire Station 33 for the nine-month period of October 1, 2003 through June 30, 2004 is \$1,624,458 or \$359,122 less than the budgeted savings of \$1,983,247 by closing Fire Station 33 for the same nine-month period assumed in the FY 2003-2004 Fire Department budget. According to Ms. Ragan, this is due to the exclusion of a relief factor in the proposed budget resulting in reduced salaries, and reduced operating expenditures, partially offset by an increase in Overtime expenditures.

Comments:

1. Fire Station 33 is one of the last two fire stations scheduled to be seismically retrofitted using funding from the 1992 Proposition C Fire Department General Obligation Bonds.¹ Attachment II, provided by the Fire Department, is a list of the 26 fire stations which have been seismically retrofitted since 1992. In each case, fire suppression, and, after 1997, emergency medical services, located at the temporarily closed fire stations, were temporarily redeployed to another fire station located in close proximity. Ms. Ragan advises that the previous temporary fire station closures occurred when there were not reductions in Fire Department funding, and therefore the Fire Department was able to redeploy those station's fire units. However, in FY 2003-2004, according to Ms. Ragan, based on the reductions to the Fire Department's budget, the Fire Department sought to balance its reduced budget in part by not redeploying Fire Engine 33 to operate out of another fire station.

2. According to Ms. Ragan, the seismic retrofit of Fire Station 33, which was due to begin in October of 2003, has not yet begun because the original bid process was protested and then terminated due to incomplete documentation of the scope of work as determined by the Contract Administration Section of the Department of Public Works. The documents were amended by the Bureau of Architecture and were readvertised on August 28, 2003 and the resulting bids were opened on September 17, 2003. Currently the Contract Administration Section of the Department of Public

¹ Fire Station 35 (Fireboat) at the foot of Pier 22½ has been postponed due to discussions with the Port to relocate that fire station.

Works is in the process of qualifying the low bid contractor. Ms. Ragan advises that this process generally takes 30 to 90 days at which point the Notice to Proceed will be issued by the Department of Public Works. However, as previously noted, the Fire Department's FY 2003-2004 budget assumes that Fire Station 33 will be closed for the full nine-month period of October 1, 2003 through June 30, 2004.

3. Ms. Ragan advises that during the closure of Fire Station 33, fire suppression and emergency medical service coverage had been planned to be provided to the Fire Engine 33 district as follows:

- Fire suppression: Fire Engine 33 would operate out of Fire Station 15, located at Ocean and Phelan Avenues. Each day, Fire Engine 33 would be staffed by crews from whichever fire truck is down for repair that day. Ms. Ragan reports that there is one fire truck scheduled for repair or maintenance every day. Also, Ms. Ragan advises that whenever the Fire Department is overstaffed (i.e., when Firefighter staffing exceeds minimum required staffing due to less than anticipated absenteeism) for a day, the surplus firefighters would be sent to staff Fire Engine 33's district. Ms. Ragan further advises that whenever the neighboring fire units at Fire Stations 15, 19,² and 43³ are out of service for working emergencies, other fire units would be sent to cover Fire Engine 33's district. Ms. Ragan also reports that discussions were begun in June of 2003 to update the standing mutual aid and automatic aid agreement between the Fire Department and the Daly City Fire Department to provide "automatic aid" in Fire Engine 33's district. According to Ms. Ragan, this means that Daly City fire units would be dispatched immediately to any fire emergency in that district.
- Emergency medical services: Medic units staffed with two paramedics would be brought in from the downtown area to cover Fire Engine 33's district for 19 hours per day, from 7 am until 2 am. Ms. Ragan

² Fire Station 19 is located at 390 Buckingham Way, Stonestown.

³ Fire Station 43 is located at 720 Moscow Street, Portola.

advises that these medic units would rove throughout the Fire Engine 33 district, as is done on every weekday and Saturday in the downtown area. This will result in faster paramedic response times than is normal for the Fire Engine 33 district, according to Ms. Ragan.

4. The Finance and Audits Committee requested a detailed explanation of the resources required to operate one fire engine for a year, and the impact of the Fire Department's current staffing levels and retirements on its need to use overtime to achieve the Fire Department's minimum staffing requirements. The Fire Department's response to that inquiry is included in Attachment I.

5. According to Ms. Pamela Levin of the Controller's Office, the sponsor of this legislation has asked the Controller to draft an amendment of the whole that considers the following three approaches to reduce the General Fund impact of this proposed supplemental appropriation: a) reductions to the requested budget; b) use of proceeds from the sale of Fire Department surplus property; and, c) reappropriation of existing salaries, including but not limited to funding restored to the Fire Department budget for Battalion Chiefs, and benefits within the Fire Department budget.

Recommendation: Approval of the proposed supplemental appropriation ordinance is a policy matter for the Board of Supervisors.

SAN FRANCISCO FIRE DEPARTMENT



Date: September 30, 2003

To: Alan Gibson, Budget Analyst

From: Christine Ragan, Chief Financial Officer *CR*

Re: Supplemental for Engine 33 of \$1.6 million

cc: Mario H. Treviño, Chief of Department
Joseph Asaro, Deputy Chief of Administration
Gary Massetani, Fire Marshal

In response to your request for information concerning the costs for staffing Engine 33, the estimated costs associated with the 2003-04 budget development and the revised costs to operate Engine 33 from October 1, 2003 through June 30, 2004 are provided.

Estimated Cost Savings for Engine 33 in 2003-04 Budget

During the 2003-04 budget discussions, the cost allocations were defined as \$1,859,922 in personnel savings which included a relief factor of 20.8% and \$123,325 in non-salary savings for materials and supplies, medical equipment, fuel, rescue and pharmaceutical supplies and utility expenses. These estimated budget costs are detailed as follows for 03-04 as well as the estimated costs for 2004-05 as requested based on the current MOU without any additional increases in base salary:

Subobject:	Est. 03-04 Annual	Est. 04-05 Annual
00201 Salaries	\$1,414,264	\$1,428,407
00902 Fringe w/ relief	216,100	218,261
01102 Premiums	<u>229,558</u>	<u>231,854</u>
Salaries and Fringe	1,859,922	1,878,521
04499 Other Hos. Clinical	51,925	51,925
04799 Fuel	19,500	19,500
04999 M&S	19,500	19,500
04999 M&S	22,050	22,050
03200 Utilities Exp	<u>10,350</u>	<u>10,350</u>
Non-Salary	123,325	123,325
Total:	\$1,983,247	\$2,001,846

Revised Costs to Staff Engine 33

The following amounts are based without relief as the Department has been required to incur overtime to maintain minimum staffing which included Fire Station 33 through the present. As the budget was not based on the staffing of Engine 33, there is an estimated increase in overtime to maintain operation of Engine 33 from October 1, 2003 through June 30, 2004.

	03-04 Annual	Oct. '03 – June '04 (20.2 pp)
Salaries	1,167,888	900,433
Fringe w/o relief	178,453	137,586
Premiums	267,371	206,141
Overtime	369,565	284,931
Salaries and Fringe	1,983,277	1,529,091
Other Hos. Clinical	51,925	40,034
Fuel	19,500	15,000
M&S	19,500	15,000
M&S	22,050	17,000
Utilities Exp	<u>10,350</u>	<u>8,000</u>
Non-Salary	123,325	95,034
Total:	\$2,106,602	\$1,624,125
Average Per month	\$175,550.16	\$180,458.35

Detailed Breakdown of Revised 2003-04 Cost Calculations for Station 33

Salaries

Salaries were calculated based on the following formula to determine the total FTE count required to staff Engine 33:

- All shifts are staffed on a 24-hour basis.
- All employees are entitled to a minimum level of vacation days as detailed in the MOU.
- Employees are allowed to take earned compensation time (per MOU).
- Sick leave and disability must be considered in determining the appropriate levels of staffing.

One FTE working 24-hour shifts is equivalent to working 2,496 hours per year. The average number of hour worked per week is 48 hours. The number of hours is calculated using the average workweek times 52 weeks in a year. The total number of hours in a year is 8,760 (24 X 365).

STEP ONE: To determine the number of FTE needed to be hired everyday without any relief provided for vacations, comp time, sick leave, and disability leave, the following formula is applied to each daily position:

Total number of hours in year (8,760) divided by the total number of hours per FTE (2,196) = 3.51 FTE
4 daily staffing requirement for Engine 33 times 3.51 FTE for each daily spot
= 14.04 FTE without relief

STEP TWO: The relief factors must be applied. Based on the Departments experience for the past 3 years, relief factors have been developed for vacations, comp time and the use of sick and disability leave. The relief factor is calculated to be 20.8 percent. This factor is then applied to the FTE calculated in Step One:

14.04 FTE without relief times 20.8% relief factor
= 2.92 Relief FTE needed

STEP THREE: To determine the total FTE needed to adequately staff all field operations, add the FTE in Step One to the Relief FTE in Step Two:

14.04 FTE without relief plus 2.92 Relief FTE
= 16.96 or 17 Total FTE needed to provide staffing to meet the minimum daily requirement of 4 FTE 24/7

All Advanced Life Support (ALS) engines are staffed with one officer, one firefighter/paramedic and 2 firefighters for a total daily staffing requirement of 4 positions daily. The salaries to fund step one are based using the salary schedule for 2003-04 and 26.2 pay periods for 2003-04. This totals the salary costs without relief to \$1,167,888 for the 26.2 pay periods and \$900,433 for 20.2 pay periods (October through June).

Fringe

Total fringe is calculated taking the salary cost times 15.28%.

Overtime

Overtime to maintain staffing for Engine 33 is calculated using the salary cost without relief and the salary cost with relief. Estimated overtime is the difference in these two amounts times 1.5 as overtime is paid at one and one half the salary rate per hour.

OT = Salary with relief less Salary w/o relief times 1.5 not including premiums

This calculation does not include premiums which are earned and included in overtime calculations. These figures are included in the premium calculation.

Premiums

Premiums are determined by MOU. Local 798 MOU provides 6% holiday premium, 6% education premium, 5% emergency medical technician (EMT) premium, 5% driver tiller

premium and 2% retention pay for continuing service over 25 years. All of these major premiums are subject to overtime pay except the holiday premium.

Based on the MOU and the staffing requirements for an ALS engine, the premium were calculated to be \$267,371 including premiums earned in overtime.

Non-Salary Costs

Other Hospital Clinical costs include the cost to provide appropriate medical equipment and supplies for the ALS engine. These costs also include needed pharmaceuticals and rescue supplies to provided services to the community.

Fuel was reduced in the 2003-04 by approximately \$20,000. It is estimated that the cost to maintain Engine 33 from October 1, 2003 through June 30, 2004 would be approximately \$15,000.

Additionally, the cost for materials and supplies would increase both in Operations as well as in Support Services for paper and other materials needed for the company. This would also provide for other supplies needed for the apparatus such as radios as well as for maintaining supplies of medical reports and forms especially as it is an ALS engine for a total cost of approximately \$32,000.

There is also an additional cost in utilities of approximately \$8,000 that would be incurred with additional staff in the stations.

Additional Questions from Email Dated September 26, 2003:

Enclosed are responses to your email request September 26, 2003 and the request from Supervisor Sandoval.

1. What is the exact cost of the resources required to operate one fire engine for a year? Please provide a budget breakdown of the related personnel and operating costs. Please make sure to cost on the basis of the minimum required level of staffing (i.e. is the minimum daily staffing requirement 4.00 FTE H-2s/H-3s + 1.00 FTE H 2/H-3 for relief?), differentiating between the salary costs of regularly scheduled H-2s/H-3s, and the overtime that would be required. Please provide a detailed justification for any overtime budgeted.

The detail to this question is outlined above.

2. How many frontline H-2s and H-3s does the Fire Department currently have relative to its budgeted fixed post staffing establishment (is the department under/over/on target)? To what degree could Fire Engine 33 be staffed by regularly scheduled H-2s/H-3s, rather than by overtime?

There are 1,053.94 H2 FTEs and 1052 positions filled of which 4 or more are in LWLP or Acting assignments as H4, H6, H10 or H20s, and at least 3 are retired but not separated.

There are 225 H3 FTEs and 247 positions filled of which 6.25 are TXed from H1, approximately 3 are LWLP H20s and remainder provide relief for H33s in a daily I WLP capacity as needed.

Over the past 3 months the Department has averaged 19 to 21 WDOs per day (24 hour overtime assignments required to maintain minimum staffing).

3. Are the Fire Department's projected retirements happening, and what effect are they having on the Department's actual staffing relative to its budgeted fixed post staffing establishment? Please provide an analysis of recent retirements and the projected retirements for the balance of FY 2003-2004.

Since June 2003, the Department has had 43 retirements. There are an additional 7 waiting for industrial disability retirements and though not working, they are still included in the position counts for the Department until they are separated. 31 people have filed intents to retire with Retirement Services through December 2003. The budget estimated 45 retirements for 2003-04 and no new hires. These were to occur beginning October 2003. The Department has incurred more retirements than anticipated in the first 6 months. The estimates were based on people retiring at the maximum age and or years of service. The lack of fiscal incentives in the MOU as well as the 7.5% pre-retirements give back added to the number of retirees. The result of this has been an increase in overtime usage for the Department. Additionally, the last class that was originally included in the 2003-04 budget was not held due to lack of funding which would have provided relief staff. The average number of WDOs per day for the current fiscal year has been 21 through end of August.

FACILITY	ADDRESS	DESIGN	BID &	CONSTRUCTION	DEPLOYMENT OF
		EARLY	AWARD	EARLY	COMPANIES UNDER
		START		FINISH	RENOVATION
Station #21	1443 Grove Street	17-Sep-92	14-Dec-93	14-Feb-95	E21-ST 5
Station #3.	Phase 1	19-Jun-93	7-Nov-93	24-Aug-94	E3 & T3 -ST 5
	Phase 2	5-Jan-95	16-Oct-95	13-Sep-96	
Station #5.	Phase 1	19-Jun-93	7-Nov-93	24-Aug-94	E5-ST21, T5,D2-ST38, MEDIC5-ST6
	Phase 2	3-Dec-96	15-Sep-98	14-Dec-99	
Station #6.	Phase 1	19-Jun-93	7-Nov-93	24-Aug-94	E6-ST21,T6-ST5(22), BLS6-ST32
	Phase 2	1-Sep-97	29-Jun-99	8-Oct-00	
Station #22.	Phase 1	19-Jul-93	11-Nov-93	8-Aug-94	E22-ST20,HT22-ST18
	Phase 2	1-Sep-97	7-Aug-99	31-Oct-00	
Station #26.	Phase 1	19-Aug-93	11-Nov-93	8-Aug-94	E26-ST24
	Phase 2	3-Jan-95	3-Oct-95	30-Nov-96	
	Phase 3	25-Nov-96	25-Nov-97	30-Oct-98	
Station #16.	Phase 1	20-Jul-93	11-Nov-93	8-Aug-94	E16, T16- ST38
	Phase 2	21-Oct-93	14-Dec-94	21-May-96	
Station #13.	Phase 1	28-Jul-93	20-Dec-93	30-Jun-94	D1 & BLS13-ST29, E13-ST28, T13-ST8,RC1-ST38,CO2 & HT13-ST10
	Phase 2	1-Jul-96	25-Mar-00	25-Apr-01	
	Re-bid		20-Dec-00	15-Apr-02	
	Re-Re-bid		18-Apr-01	3-Sep-02	
Station #23	1348 45th Avenue	21-Oct-93	30-Dec-94	20-Apr-96	E23-ST18
Station #9	2245 Jerrold Avenue	8-Nov-93	20-Dec-94	1-Oct-95	E9- ST25, T9-ST9,B10-ST17
Station #39	1091 Portola Drive	3-Jan-94	18-Aug-95	30-Jun-97	E39-ST20
Station #33	8 Capitol Avenue	5-Jan-94	On Hold	On Hold	
	Revised	30-Apr-02	20-Nov-02	15-Aug-03	
	Re-bid	28-Aug-03	TBA	TBA	
Station #43	720 Moscow Street	31-Jan-94	20-Dec-94	22-Feb-96	E43- ST15
Station #10	655 Presidio Avenue	29-Apr-94	17-May-97	30-Sep-98	E10-ST5, T10- ST38
					Service Squad-BOE, 1415 Evans St
Station #17	1295 Shafter Avenue	2-May-94	20-Oct-95	31-Jul-96	E17- HP, T17- ST44
	Re-bid		22-Dec-95	22-Dec-96	
Station #25	3305 3rd Street	1-Jun-94	25-Apr-98	1-Nov-99	E25- HP
Station #41	1325 Leavenworth Street	2-Jan-95	13-Feb-96	27-Jun-97	E41- ST38
Station #34	499 41st Avenue	5-Jan-95	20-Feb-96	11-Dec-97	E34- ST14
Station #18	1933 32nd Avenue	15-Jan-95	16-Feb-96	1-Oct-97	E18- ST19, T18- ST22
Station #42	2430 San Bruno Avenue	1-Apr-95	7-May-97	28-Feb-98	E42- ST444
Station #20	285 Olympia Way	1-Sep-95	11-Oct-97	18-Sep-98	E20- ST39
Station #14	551 26th Avenue	3-Mar-96	30-Sep-97	4-Dec-98	E14- ST34, T14- ST31
Station #28	1614 Stockton Street	15-May-96	17-Oct-98	26-Aug-99	E28- ST13, MEDIC 28- ST2
	Re-bid		16-Dec-98	2-Jun-00	
Station #32	194 Park Street	13-May-96	30-Sep-00	1-Nov-01	E32-ST11, MP32-ST42
	Re-bid		20-Dec-00	1-Jul-02	
	Re-Re-bid		28-Feb-01	21-Oct-02	
Station #19	390 Buckingham Way	1-May-96	6-Dec-97	15-Apr-99	E19- ST18, T19- ST15
					RC4-ST43
Station #29	299 Vermont Street	18-Apr-97	8-Aug-98	20-Dec-99	E29- ST9
Station #12	1145 Stanyan Street	2-Dec-97	16-Mar-99	16-Mar-00	E12, T12- ST20, MEDIC12-ST24
Fire Boat Headquarters / Station #35	Pier 22-1/2	23-May-97	On Hold	TBD	E35-ST13 or ST8

Item 2 - File 03-0869

Note: This report, which was continued from the September 24, 2003 Finance and Audits Committee meeting, is based on amendments which, according to the Office of the Sponsor, will be introduced at the Finance and Audits Committee's meeting of October 8, 2003.

Department: Department of Public Health (DPH)

Item: Ordinance amending the San Francisco Health Code by adding Article 19H to require a permit for tobacco sales and amending the San Francisco Business and Tax Regulations Code by adding Section 249.16 to set the fee for the tobacco sales permit.

Description: State law prohibits the sale or furnishing of cigarettes, tobacco products and smoking paraphernalia to minors, as well as the purchase, receipt, or possession of tobacco products by minors. State law also prohibits public school students from kindergarten through grade twelve from smoking or using tobacco products while on campus, attending school-sponsored activities, or under the supervision or control of school district employees. State law further prohibits smoking in any enclosed space at a "place of employment". Moreover, San Francisco has adopted tobacco related ordinances that (a) ban cigarette vending machines in the City (San Francisco Health Code Section 1009.1), (b) prohibit the self-service merchandising of tobacco products, except in places to which access by minors is prohibited by law (San Francisco Police Code Section 4600.3), and (c)

prohibit smoking in buildings and enclosed structures, and sports stadiums (San Francisco Health Code Section 1009.22).

The proposed ordinance would provide for City to regulate establishments engaged in the sale of tobacco products, through the requirement that such establishments possess a tobacco sales permit, to ensure that such establishments are in compliance with Federal, State and local tobacco laws. An establishment is defined as a store, stand, booth, concession or other enterprise that engages in the retail sale of tobacco products.

Currently, the San Francisco Municipal Code does not require establishments engaging in the sale of tobacco products to obtain tobacco sales permits from the City. The proposed ordinance would amend the Health Code by adding Article 19H, which would:

- Require that all establishments selling tobacco products obtain a permit from the Department of Public Health (DPH), for each location where tobacco sales are conducted;
- Allow the DPH to suspend or revoke the tobacco sales permit if the establishment violates local, State, or Federal laws related to tobacco;
- Establish an application procedure to apply for a tobacco sales permit;
- Establish an application fee of \$50 per application for the initial inspection and processing of the application;
- Establish an annual tobacco sales permit fee.

The proposed ordinance would also amend the Business and Tax Regulations Code by adding Section 249.16, which would set the annual tobacco sales permit fee at \$175.

Mr. Jack Breslin of the DPH states that the DPH currently performs activities such as reviewing permit applications, issuing required permits, conducting routine and follow up inspections, and providing outreach to businesses for establishments that sponsor or conduct food or beverage sales or distributions, through its Environmental Health Section's Food Program, which would also be responsible for

administering and regulating the proposed tobacco sales permits.

Comments:

1. Attachment I, provided by the DPH, contains the total projected annual expenditures and total projected annual revenues related to the annual \$175 permit fee, based on an estimated 1,000 establishments which sell tobacco products in San Francisco. As shown in Attachment I, the total DPH projected annual administrative costs are \$176,756 as compared to the projected annual permit fee revenues of \$175,000.

2. The proposed ordinance, in addition to setting an annual permit fee of \$175, would also set a one-time non-refundable application fee for the initial inspection and processing of the application. Attachment II provided by the DPH contains the one-time projected DPH administrative costs related to the application fee of \$50,720 as compared to the projected one-time application fee revenues of \$50,000, again based on 1,000 establishments.

3. Mr. Breslin reports that the DPH anticipates completing the initial inspection and processing of the estimated 1,000 applicants within one year subsequent to approval of the proposed ordinance by the Mayor and the Board of Supervisors.

4. If the proposed ordinance is approved, Mr. Jim Gillen of the DPH estimates that the DPH would collect a maximum of \$225,000 in the first year, including \$175,000 from annual permit fee revenues plus \$50,000 from one-time application fee revenues, based on 1,000 establishments selling tobacco products in San Francisco.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

TOBACCO SALES PERMIT - ANNUAL PERMIT FEE

6120/6122 Sr. Environmental Health Inspector 0.70383 FTE @ \$82,711 Annual Salary	\$58,214
1426 Senior Clerk Typist 0.45046 FTE @ \$47,685 Annual Salary	21,480
6124 Pr. Environmental Health Inspector 0.05630 FTE @ \$95,343 Annual Salary	5,368
6127 Asst. Director 0.05630 FTE @ \$103,513 Annual Salary	5,828
1022 Information Systems Administrator 2 0.26745 FTE @ \$67,260 Annual Salary	<u>17,989</u>
Total Salaries	\$108,879
Fringe Benefits @ 25 percent	27,220
Environmental Health Section Overhead (based on \$10,887 per FTE cost x 1.53435 FTEs required for subject program)	16,704
Department of Public Health Overhead @ 22 percent	23,953
TOTAL	\$176,756

DPH STAFF JOB DESCRIPTIONS

CCSF JOB CLASS	6120/6122 Sr. Environmental Health Inspector	1426 Senior Client Typist	6124 Pr. Environmental Health Inspector	6127 Asst. Director	1022 Information Services Admin 2	Total Hours
Routine Inspections	800					800
Complaint Inspections	150					150
Directors Hearings	300	100	100	100		600
Citations		200			475	200
Data Records, Analysis and Reports						475
General Administrative Support		500				500
Total Hours	1250	800	100	100	475	2725

WORKLOAD DESCRIPTION *based on an estimated 1000 Establishments

Work	Units	Explanation
Routine Inspections	2000 inspections annually	Routine inspections are conducted of all retail establishments to confirm compliance with State and Local Health codes. The DPH would conduct two routine inspections per unit, or 2000 (1000 units x 2) inspections. The routine inspections would require a total of approximately 800 DPH staff hours annually.
Complaint Inspections	300 inspections annually	Complaint inspections are conducted to determine if alleged violations of applicable codes are present. The DPH estimates that approximately 30 percent of the total establishments would require complaint inspections. The complaint inspections would require a total of approximately 150 DPH staff hours annually.
Directors Hearings	200 hearings annually	Directors of Public Health Hearings are conducted on a monthly basis for the purpose of determining if Permits to Operate, issued by the Health Department are to be suspended or revoked, or other administrative action provided for in law, because of observed violations that constitute a hazard to public health and a violation of Health Code. The estimate is based on surveillance data of the Tobacco-Free Project of the DPH data. The directors hearings would require a total of approximately 600 DPH staff hours annually.
Citations	200 citations annually	Citations are a mandatory summons issued to the owners of permitted establishments announcing the date and time a hearing has been scheduled to consider suspension, revocation of other administrative action is warranted because of code violations. The estimate is based on violation data previously collected. The citations would require a total of 200 DPH staff hours annually.
Data Records, Analysis and Reports	N/A	Data records, analysis and reports are information collected and assembled by the Management Information Staff of the Environmental Health Section. This would require a total of 475 DPH staff hours annually.
General Administrative Support	N/A	General administrative support would include clerical and miscellaneous administrative service time. This would require a total of 500 DPH staff hours annually.

REVENUES

APPLICATION FEE (ONE-TIME):

1,000 establishments x \$50 = \$50,000

ANNUAL PERMIT FEE: 1,000 establishments x \$175 = \$175,000

COST RECOVERY: 99 percent

APPLICATION FEES - COSTS

CLASS	TITLE	ANNUAL SALARY	REQUIRED HOURS	FTE	ONE-TIME COST
1022	Information Systems Administrator 2 Creates Database for annual permit billing	82,711	320 (0.4 per establishment)	0.18018	14,903
1426	Senior Clerk - Typist Prepares listing of establishments for Information Systems Administrator, based on information from Inspector	47,685	250 (0.25 per establishment)	0.14077	6,713
6120	Environmental Health Inspector Initial inspection for each establishment	67,260	250 (0.25 per establishment)	0.14077	9,468
SUBTOTAL SALARIES					31,084
FRINGE BENEFITS @ 25%					7,771
ENVIRONMENTAL HEALTH OPERATING COSTS (based on \$10,887 per FTE cost x .46172 FTE required for fee)					5,027
DEPARTMENT OF PUBLIC HEALTH INDIRECT COSTS @ 22%					6,838
TOTAL ONE-TIME COST FOR APPLICATION FEE PROCESSING					50,720

REVENUE PROJECTION AND COST RECOVERY

1000 Estimated Establishments
 \$50 One-Time Application Fee
 \$1000 x \$50 = \$50,000 Estimated One-Time Revenue

Cost Recovery - 98.58%

Items 3 and 4 - Files 03-1658 and 03-1659

Department: Department of Human Services (DHS)

Item: **File 03-1658:** Ordinance appropriating \$2,399,795 of CalWORKS, Medi-Cal, In-Home Support Services (IHSS) and Foster Care (Independent Living Program) funds for the Department of Human Services (DHS) to (a) fund a total of 43 vacant positions (28.67 FTEs) including 14 substitute positions (9.38 FTEs) (b) purchase computers and other related equipment, and (c) provide stipends to emancipated foster youth.¹

File 03-1659: Ordinance amending the FY 2003-2004 Annual Salary Ordinance to abolish 14 vacant positions (9.38 FTEs) and create 14 positions (9.38 FTEs) for 12 position substitutions and 2 position reassignments.

Amount: \$2,399,795

Sources of Funds: State revenue allocations for FY 2003-2004 for the following State programs:

State Revenue Allocations by Program	Amount
Medi-Cal Eligibility Determination	\$1,324,163
CalWORKS State Administration	411,934
In-Home Support Services (IHSS) State/Federal Administration	133,160
IHSS Administration Health Title XIX	190,225
Independent Living Program State Administration (Foster Care)	<u>340,313</u>
TOTAL:	\$2,399,795

¹ According to Mr. Derek Chu of DHS, "emancipated foster youth" are youth aged between 18 and 21 who, on their 18th birthday, aged out of the foster care system.

Description: File 03-1658: The supplemental appropriation ordinance in the amount of \$2,399,795 would provide for the following:

- \$1,901,882 to fund 43 (28.67 FTEs) vacant positions, including the substitution of 14 new positions for 14 existing vacant (9.38 FTEs) for the eight month period from November 1, 2003 through June 30, 2004.
- \$157,600 for the purchase of computers and other related equipment for the 43 vacant positions.
- \$340,313 to provide educational and other stipends for an estimated additional 200 emancipated foster youth.

File 03-1659: This ordinance would amend the FY 2003-2004 Annual Salary Ordinance in order to substitute 14 new positions for 14 existing vacant positions that would be abolished (9.38 FTEs for the eight month period from November 1, 2003 through June 30, 2004). The proposed substitutions are detailed in the Table under Comment No. 3 below.

Budget: A detailed budget for the proposed supplemental appropriation of \$2,399,795 is shown in Attachment I, provided by Mr. Chu. The budget is summarized as follows:

<u>Proposed Expenditures</u>	<u>Amount</u>
Salaries and fringe benefits to fund a total of 43 vacant positions (28.67 FTEs), including the substitution of 14 positions (9.38 FTEs) for the Medi-Cal, CalWORKS, IHSS, and Foster Care Programs	\$1,901,882
Purchase of computers and related equipment for the 43 positions	157,600
Educational and other stipends for an estimated additional 200 emancipated foster youth (Emancipated Youth Stipends)	<u>340,313</u>
TOTAL:	\$2,399,795

Comments:

1. According to Mr. Chu, approximately two-thirds of the DHS budget is funded by Federal and State revenues. Since the State's precise allocation of revenue to each county for each State-funded program is not known until after the beginning of the fiscal year, the revenues included in the annual DHS budget are estimated. Subsequent to the adoption of the FY 2003-2004 budget, the State notified DHS that the DHS allocations for Medi-Cal, CalWORKS, IHSS, and Foster Care (Independent Living Program) will result in a total of \$2,399,795 more than the estimated State revenues previously approved by the Board of Supervisors in the DHS FY 2003-2004 budget.

2. As shown in Attachment I, \$1,901,882 of the supplemental appropriation of \$2,399,795, would be expended for the salary and mandatory fringe benefit costs to fill 43 vacant positions (28.67 FTEs) for the eight month period from November 1, 2003 through June 30, 2004, including funding for the substitution of 14 new positions for 14 existing vacant positions (9.38 FTEs). Based on our discussions with Mr. Chu, the Budget Analyst concludes that DHS may not be successful in filling all positions by November 1, 2003 and therefore may not be able to expend all of the proposed supplemental appropriation of \$2,399,795 by the end of FY 2003-2004. However, the Budget Analyst does not recommend a reduction to the proposed supplemental appropriation, because such a reduction could reduce the potential General Fund savings. Attachment II to this report is a memorandum from Mr. Phil Arnold of DHS explaining the reasons for approving the entire supplemental appropriation amount in order to maximize the benefit to the General Fund in FY 2003-2004.

3. As shown in Attachment III provided by Mr. Arnold, the requested substitution of 14 new positions for 14 existing positions (12 position substitutions and two reassignments) would result in maximum increased annual salary costs, at FY 2003-2004 salary levels, of \$104,144 plus mandatory fringe benefits. The explanation for the requested 14 position substitutions is contained in Attachment III.

4. As shown in Attachment I, \$157,600 of the requested supplemental appropriation of \$2,399,795, would be expended for computers, software, and equipment all of which, according to Mr. Chu, are needed for the 43 additional staff.

5. As shown in Attachment I, \$340,313 would be expended for additional educational and other stipends for youth who have reached 18 years of age and who are therefore emancipated from the Foster Care Program. DHS had budgeted \$107,817 for emancipated foster youth stipends in FY 2003-2004, providing an average amount of approximately \$539 for each of an estimated 200 youth between 18 and 21 years of age. This supplemental appropriation would provide an additional \$340,313, for an estimated additional 200 youth or a total of \$448,130, thereby providing an estimated 400 youth with an average stipend of approximately \$1,120, representing an average increase of \$581 or an approximately 107.8 percent increase per eligible youth. According to Mr. Chu, the average educational stipend will be \$410. The balance of the stipends, or an average of \$710 (\$1,120 less \$410) would be for healthcare, housing and related expenses, and training, according to Mr. Chu. Mr. Chu advises that these stipends are provided to eligible youth on a case-by-case basis, depending on each eligible youth's individual case plan, goals, and objectives.

6. Mr. Chu reports that due to the fact that Medi-Cal and CalWORKS appropriations generate additional funding to fully cover DHS's

administrative overhead costs, DHS estimates that approval of this subject supplemental appropriation request will result in an additional \$295,601 in General Fund savings during FY 2003-2004, as shown in Attachment I.

Recommendation: Approve the proposed supplemental appropriation and the proposed amendment to the Annual Salary Ordinance.

ATTACHMENT I -- DHS Supplemental Appropriation Expenditure-Budget Detail

Class	Title	Index Code	FTE 8/Mos	FTE 12/Mos	Salary Annual	Fringe Annual	Total	Total 8/Mos	General Fund Savings/(Cost)	Total 12/Mos Annual Cost
Medi-Cal Salary + Fringe										
Medi-Cal Initiative Workers										
2905 Sr. Eligibility Worker	CAG 45MCOH	7.33	11		59,534	11,311	70,845	519,533	256,667	779,300
2907 Eligibility Worker Supervisor	CAG 45MCOH	1.33			65,955	12,531	78,486	104,649		196,973
1426 Sr. Clerk Typist	CAG 45MCOH	1.33	2		47,685	9,060	56,745	75,660	(30,264)	113,490
HSS Eligibility Unit										
2905 Sr. Eligibility Worker	CAM 45ASOH	2.67	1		59,534	11,311	70,845	188,921	93,333	283,382
2907 Eligibility Worker Supervisor	CAM 45ASOH	0.67	1		65,955	12,531	78,486	52,324	23,333	78,486
Foster Care Eligibility Unit	CAL 45FCOH	2.67	1		59,534	11,311	70,845	188,921	40,129	283,382
2907 Eligibility Worker Supervisor	CAL 45FCOH	0.67	1		65,955	12,531	78,486	52,324	2,470	78,486
1426 Sr. Clerk Typist	CAL 45FCOH	0.67	1		47,685	9,060	56,745	37,830	(15,132)	56,745
Foster Care Unit Charge to Medi-Cal									52,014	
MEDI-CAL STAFFING SUBTOTAL										
			17.33	26.00				1,220,163	469,216	1,830,245
CALWORKS Salary + Fringe										
Class			FTE 8/Mos	FTE 12/Mos	Salary Annual	Fringe Annual	Total	Total 8/Mos Cost	General Fund Savings/(Cost)	Total 12/Mos Annual Cost
2905 Sr. Eligibility Worker	CAG 45CWOH	2.00	3		59,534	11,311	70,845	141,691	(6,000)	212,535
2907 Eligibility Worker Supervisor	CAG 45CWOH	0.67	1		65,955	12,531	78,486	52,324	(2,000)	78,486
2912 Sr. Social Worker	CAG 45CWOH	0.67	1		61,283	11,644	72,927	48,618	9,917	72,927
2913 Program Specialist	CAO 45ADIN	0.67	1		65,955	12,531	78,486	52,324	10,673	78,486
2585 Health Worker I	CAG 45CWOH	0.67	1		42,439	8,063	50,502	33,668	6,968	50,502
9704 Employment Specialist III	CAK 45ESOH	0.67	1		64,675	12,288	76,963	51,309	10,466	76,963
Employment Services Program										
CALWORKS STAFFING SUBTOTAL										
			5.33	8.00				379,934	29,925	569,902
IHSS Salary + Fringe										
Class			FTE 8/Mos	FTE 12/Mos	Salary Annual	Fringe Annual	Total	Total 8/Mos Cost	General Fund Savings/(Cost)	Total 12/Mos Annual Cost
2912 Sr. Social Worker	CAM 45ASOH	4.00	6		61,283	11,644	72,927	291,707	(87,512)	367,698
2914 Social Worker Supervisor	CAM 45ASOH	0.67	1		68,904	13,092	81,996	54,664	(16,399)	68,904
2913 Program Specialist	CAO 45ADIN	0.67	1		65,955	12,531	78,486	52,324	(15,697)	65,955
1426 Sr. Clerk Typist	CAM 45ASOH	0.67	1		47,685	9,060	56,745	37,830	(15,132)	47,685
Adjustment for GF Share			-	-	-	-	(134,741)			550,242
IHSS STAFFING SUBTOTAL										
			6.00	9.00				301,784	(134,741)	550,242
TOTAL SALARY + FRINGE										
			28.67	43				\$1,901,882	\$364,401	\$2,950,389
Staff Materials & Supplies										
#	Unit Cost							Total	General Fund Savings/(Cost)	
43	1,245							53,535	(23,371)	
43	452							19,436	(8,485)	
43	38							1,634	(713)	
43	54							2,322	(1,014)	
43	184							7,912	(3,454)	
43	927							35,574	(15,530)	
43	215							9,245	(4,036)	
43	428							18,395	(8,030)	
43	222							9,546	(4,167)	
TOTAL STAFFING COSTS										
								157,600	(68,800)	
Emancipated Youth Stipends										
#								Total	General Fund Savings/(Cost)	
NA								340,313	0	
TOTAL YOUTH STIPENDS										

MEMORANDUM

TO: KEN BRUCE, BOARD OF SUPERVISORS BUDGET ANALYST

FROM: PHIL ARNOLD, DIRECTOR OF FINANCE AND PLANNING

DATE: OCTOBER 2, 2003

**SUBJECT: SUPPLEMENTAL APPROPRIATION REQUEST FOR FILLING
43 VACANT POSITIONS**

The Department of Human Services is requesting the approval of a \$2,399,795 supplemental appropriation to the FY 2003-04 budget. The Department will use \$1,901,882 of these increased funds to fill 43 critically-needed staff positions in the Medi-Cal, Foster Care, CalWORKs and IHSS programs. The supplemental appropriation request is premised on hiring these new staff effective November 1, 2003.

In order to meet this hiring schedule, DHS has already developed staffing requests for all of these positions. Requisitions are being developed for submittal to the Mayor, DHR and the Controller in anticipation of favorable action by the Finance Committee and Board of Supervisors on the supplemental appropriation request. There are existing lists for all of these positions and employment offers can be made pending final approval by the Board of Supervisors. With this accelerated process, DHS believes that most of these positions could be filled within the first two weeks of November. Any reduction to the proposed supplemental appropriation could impair our ability to fill these positions as quickly as possible and therefore could also reduce the projected General Fund savings.

MEMORANDUM

TO: KEN BRUCE, BOARD OF SUPERVISORS BUDGET ANALYST

FROM: PHIL ARNOLD, DIRECTOR OF FINANCE AND PLANNING

DATE: OCTOBER 2, 2003

SUBJECT: **SUPPLEMENTAL APPROPRIATION REQUEST FOR 12
POSITION SUBSTITUTIONS AND 2 POSITION
REASSIGNMENTS**

The Department of Human Services is requesting the approval of a \$2,399,795 supplemental appropriation to the FY 2003-04 budget. The Department will use \$1,901,882 of these increased funds to fill 43 critically needed staff positions in the Medi-Cal, Foster Care, CalWORKs and IHSS programs.

At present, the Department has just 29 of the 43 needed vacancies in appropriate classifications and programs. However, DHS is not requesting any new positions with the supplemental appropriation.

The Department has identified twelve of its longest-standing vacancies in other classifications in different programs, and is requesting that these positions be substituted to the classification and program required by the supplemental appropriation plan. The twelve positions created by these substitutions would all be line eligibility worker and social worker classifications, which have significant immediate client impact. DHS has also identified two vacancies in other departmental programs, and requests that these be reassigned to Medi-CAL and IHSS.

The substitution and reassignment of these positions will allow DHS to hire where its need is greatest, and will considerably reduce the number of long-standing departmental vacancies. Please see the attached worksheet for a detailed list of the substitutions and reassignments requested.

SUPPLEMENTAL APPROPRIATION SUBSTITUTED AND REASSIGNED POSITIONS

Department of Human Services

Fund: 1G/AGF/AAA

Abolish					Create							
Class	FTE	Title	Pos #	Index Code	Annual Salary	Class	FTE	Title	Index Code	Annual Salary	Difference	
1408	1	Principal Clerk	009	45ADSS	\$ 57,263	2905	1	Sr Eligibility Worker	45MCOH	\$ 59,534	\$ 2,271	
4322	1	Cashier III	001	45ADPB	\$ 52,174	2905	1	Sr Eligibility Worker	45MCOH	\$ 59,534	\$ 7,360	
9912	1	Public Service Aide	004	45CWOH	\$ 24,795	2905	1	Sr Eligibility Worker	45MCOH	\$ 59,534	\$ 34,739	
1426	1	Sr Clerk Typist	076	45CWOH	\$ 47,685	1426	1	Sr Clerk Typist	45MCOH	\$ 47,685	\$ -	
1369	1	Special Asst X	001	45FCOH	\$ 73,075	2907	1	Eligibility Unit Supervisor	45MCOH	\$ 65,955	\$ (7,120)	
					\$ 254,992	Subtotal-Medi-Cal					\$ 292,242	\$ 37,250
2110	1	Medical Record Clerk	001	45PAOH	\$ 49,329	2905	1	Sr Eligibility Worker	45ASOH	\$ 59,534	\$ 10,205	
1822	1	Administrative Analyst	001	45HLOH	\$ 67,573	2905	1	Sr Eligibility Worker	45ASOH	\$ 59,534	\$ (8,039)	
1920	1	Inventory Clerk	002	45ADSS	\$ 41,760	2905	1	Sr Eligibility Worker	45ASOH	\$ 59,534	\$ 17,774	
					\$ 158,662	Subtotal-IHSS Elig.					\$ 178,602	\$ 19,940
1404	1	Clerk	009	45ADPE	\$ 41,838	2905	1	Sr Eligibility Worker	45FCOH	\$ 59,534	\$ 17,696	
9912	1	Public Service Aide	003	45CWOH	\$ 24,795	2905	1	Sr Eligibility Worker	45FCOH	\$ 59,534	\$ 34,739	
					\$ 66,633	Subtotal-Foster					\$ 119,068	\$ 52,435
9703	1	Employment Specialist II	040	45CWOH	\$ 63,110	2912	1	Senior Social Worker	45ASOH	\$ 61,283	\$ (1,827)	
1426	1	Sr Clerk Typist	212	45ESOH	\$ 47,685	1426	1	Sr Clerk Typist	45ASOH	\$ 47,685	\$ -	
9703	1	Employment Specialist II	021	45CWOH	\$ 63,110	2912	1	Senior Social Worker	45ASOH	\$ 61,283	\$ (1,827)	
9703	1	Employment Specialist II	039	45CWOH	\$ 63,110	2912	1	Senior Social Worker	45ASOH	\$ 61,283	\$ (1,827)	
					\$ 237,015	Subtotal-IHSS Social					\$ 231,534	\$ (5,481)
Totals					\$ 717,302						\$ 821,446	\$ 104,144

Item 5 - File 03-1517

Note: This item was continued by the Finance and Audits Committee at its meeting of September 24, 2003.

Department: San Francisco Fire Department
Department of Administrative Services, Real Estate Division (RED)

Item: Resolution approving and authorizing an agreement between the City and Martin McNerney Development, Inc., executed by the Director of Property on behalf of the City, for a sale to Martin McNerney Development, Inc. of a City-owned vacant eight story building with a basement, at the sales price of \$2,900,000. A Fire Station was previously located in a portion of the basement and on the first and second floors of the building and warehouse space was used on the upper six floors of the building; finding that competitive bidding is impractical or impossible; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution.

Location: Assessor's Block No. 3704, Lot No. 006
418-420 Jessie Street, San Francisco

Purchaser: Martin McNerney Development, Inc.

Size of Land and Building: An eight story building with a basement consisting of 39,375 square feet on a 5,625 square foot parcel of land.

Sales Price: \$2,900,000, or approximately \$73.65 per square foot of building space (\$2,900,000 divided by 39,375 equals \$73.65), payable by Martin McNerney Development, Inc. These funds would accrue to the General Fund Reserve.

Description: Approval of the subject resolution would authorize the Director of Property, on behalf of the City, to sell the subject City-owned property located at 418-420 Jesse Street, consisting of an eight story building with a basement, consisting of 39,375 square foot on 5,625

BOARD OF SUPERVISORS

BUDGET ANALYST

square feet of land. Martin McNerney Development, Inc. would purchase the City-owned property for \$2,900,000.

Under the proposed resolution, the Board of Supervisors would concur with the Director of Property's finding that selling the subject City-owned property to Martin McNerney Development Inc., without first obtaining competitive bids, is in the best interest of the City because Martin McNerney Development Inc. is the only practical purchaser of the subject property. According to Mr. Ritter, Martin McNerney Development Inc. is the owner of the adjacent building used for market rate rental housing, located at 424 Jessie Street, and the upper six floors of the subject property can only be accessed through 424 Jessie Street.

The proposed resolution adopts the Planning Department's findings that the sale of the subject property does not require California Environmental Quality Act (CEQA) review and is consistent with the General Plan and the Eight Priority Policies of Planning Code Section 101.1.

Comments:

1. Mr. Larry Ritter of the Real Estate Division states that in 1926, Hale Brothers constructed, at no cost to the City, the subject eight story building on City-owned land located at 418-420 Jesse Street. According to Mr. Ritter, the City did not charge Hale Brothers for the land. Mr. Ritter advises that the City previously used the first two floors and a portion of the basement of the subject property for Fire Station 1. Hale Brothers and the City entered into a 20-year lease agreement. Under that lease agreement, Hale Brothers occupied the upper six floors of the City-owned building as lessee, with no rent being charged to Hale Brothers by the City. At the expiration of the 20-year lease, the City became the sole owner of the subject property. Mr. Ritter advises that after the 20-year lease with Hale Brothers expired in 1946, the City again leased the upper six floors to Hale Brothers and their successor in interest, the Lurie Company, for an additional 26 years until 1972. As of the writing of this report, Mr. Ritter could not provide the rents payable to the City by Hale Brothers and the Lurie Company between 1946 and 1972, for the upper six floors of the

subject property. According to Mr. Ritter, since 1972 the upper six floors have remained vacant. The first two floors of the subject property served as the City's Fire Station 1 until the building was damaged in the 1989 Loma Prieta earthquake, causing that Fire Station to be relocated from 418-420 Jessie Street to 676 Howard Street. According to Mr. Ritter, the subject building has been vacant since 1989, or for approximately 14 years.

2. According to Mr. Ritter, on February 19, 2003, an independent appraiser, Clifford Associates, retained by the Division of Real Estate, conducted an appraisal of the City-owned property at 418-420 Jesse Street. The appraiser valued the property at between \$2,500,000 to \$2,900,000. Mr. Ritter states that the proposed sales price of \$2,900,000 is consistent with the Real Estate Division's opinion of the highest fair market value of the subject City-owned property.

3. The independent appraisal report, prepared by Clifford Associates, states the following:

"Although its condition is rated to be fair, the property is highly adaptable for conversion to a variety of uses. Given that the adjoining properties are under the same ownership by the Martin Building Company [Martin McNerney Development, Inc.], it is believed this owner may be the most probable buyer of the subject property. Further, it is reported there is a pending application to place the subject [building] on the National Register of Historic Places. This could limit the adaptability of the subject [building] for conversion. However, use of the adjoining property, may provide the best and most efficient means to maximize the conversion potential of the subject property.

As described in the Attachment to this report provided by Mr. Ritter, the subject property was listed on the National Register of Historical Places in 2001, contrary to the appraiser's comments with respect to a "pending application." Ms. Venessa Henlon of the City Attorney's Office advises that the City and the potential purchaser, Martin McNerney Development, Inc. would have the same restrictions for the reuse of the subject property. Mr.

Patrick Banks of Martin McNerney Development Inc. advises that 424 Jessie Street is used for market rate rental housing and that Martin McNerney Development Inc. also plans to develop the subject 418-420 Jesse Street building for market rate rental housing on the upper six floors, with commercial and retail uses on the first and second floors.

5. The proposed resolution states that "it is in the City's best interest to convey the Property directly to the Buyer, that the public interest or necessity demands, or will not be inconvenienced by the sale of the Property directly to the Buyer pursuant to the Sale Agreement, and that competitive bidding would be impractical or impossible."

The attached memorandum from Mr. Ritter, Attachment I to this report, states that "Martin McNerney Development, Inc., ("Buyer") the adjoining property owner, is the only practical buyer because access to the upper six floors, as well as a portion of the basement, can only be gained through the buyer's adjacent building at 424 Jessie Street."

6. The Finance and Audits Committee continued this item to explore the applicability of an ordinance (File No. 01-1498) previously approved by the Board of Supervisors in 2002, that added Chapter 23A to the Administrative Code to set the City's policy for surplus and underutilized City-owned property. Chapter 23A states that the first priority for City-owned surplus and underutilized property is "the development of affordable housing for people who are Homeless." In response to the Finance and Audits Committee's inquiry concerning the applicability of Chapter 23A of the Administrative Code to the proposed subject sale of City-owned property, Mr. Steve Legnitto of the Real Estate Division, states in a memorandum dated October 2, 2003 (Attachment II) "that the subject property was reported on our surplus property listing as of May 30, 2003." "We were directed by the Mayor's Budget Office to negotiate a direct sale to the Martin Building Company."

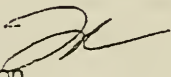
Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.



M E M O R A N D U M

September 17, 2003

TO: Elaine Forbes
Budget AnalystFROM: Larry Ritter 
Real Estate Division

SUBJECT: 418-420 Jessie Street

Martin McNerney Development, Inc., ("Buyer") the adjoining property owner, is the only practical buyer because access to the upper six floors, as well as a portion of the basement, can only be gained through the buyer's adjacent building at 424 Jessie Street. There are no structural walls between the upper floors and basement of the two buildings. In addition, the sprinklers for the upper floors currently connect with and are part of the sprinkler system and pump in the adjacent building. Electrical service and other utility connections for the upper floors and basement originate from the adjoining property, as well. The adjoining property owner is the most practical buyer and can pay the highest price for the subject property since they can realized the maximum efficiency of development. The estimated cost to construct stairways and an elevator in the City building is \$500,000 ±.

The independent appraiser's conclusion of value ranged from \$2.5M to \$2.9M, assuming the property was re-zoned from "P" (Public Use) to C-3-G. The \$2.9M is attributable to a sale to the adjoining owner.

Contrary to John Clifford's comment in his appraisal report that there is an application pending to grant the subject property historical status, the property was granted historical status in 2001 and listed on the National Register of Historical Places, along with the buildings on either side (see City Planning letter attached). The appraisal assumes the property would be granted historical status.

The historical status of the Martin Building Company's building on the easterly side of the City property did not limit its adaptability for conversion. It was recently converted from industrial to a commercial/residential loft project.

The adjacent property owner is the only practical buyer in our opinion for the following reasons:

- 1) In marketing the property access to the upper six floors would not be available, unless the adjacent owner allowed potential buyers access through their building.
- 2) If a public auction sale were held with a minimum bid of \$2.9M, it is our opinion the property would not sell unless the adjacent owner bid. Only the adjacent owner would pay the highest value.
- 3) If a public auction sale were held with a minimum bid of \$2.5M, it is also our opinion that the property would not sell, unless the adjacent owner bid, due to:
 - a) \$500,000 ± required to construct a stairwell and elevator.
 - b) Significant seismic retrofit cost.
 - c) Historical status of the building (Martin McNerney Development, Inc. has significant experience in renovating historic structures).

City and County of San Francisco

Real Estate Division
Administrative Services Department*Steve Legnitto*
Deputy Director

October 2, 2003

Harvey Rose
Budget Analyst
1390 Market Street, Room 1025
San Francisco, CA 94102
Attention: Elaine Forbes

RE: Board of Supervisors' File 031517 418-420 Jessie Street

Dear Ms. Forbes:

In regard to your question about compliance with City and County of San Francisco Surplus Property Ordinance 227-02, please be advised that the subject property (418-420 Jessie Street) was reported on our surplus property listing as of May 30, 2003 (page 54). Its status was noted as "Surplus," "Vacant," and "Underutilized."

In addition to our report, we had advised the Mayor's Office of Homelessness, Mayor's Office of Housing, Housing Authority, and Redevelopment Agency of its availability.

We were directed by the Mayor's Budget Office to negotiate a direct sale to the Martin Building Company. As you know, approval of this sale is a policy decision for the Board of Supervisors and the Mayor.

The Real Estate Division wishes to restate that we recommend approval of the proposed transaction.

Sincerely,

A handwritten signature in black ink that reads "Steve Legnitto".

Steve Legnitto
Deputy Director

Item 6 - File 03-1601

Department: Controller

Item: Resolution authorizing the Teeter Plan Property Tax Allocation provision concerning Tax Loss Reserve Fund to be governed by California Revenue and Taxation Code Section 4703.2 at 25% of the total delinquent secured taxes for the fiscal year ending June 30, 2003 and thereafter.

Description:

1. Under State of California Revenue and Taxation Code Section 4701 and the following related? sections (referred to as the "Teeter Plan"; see Comment 1), a County is required to fund a "Tax Loss Reserve" using one of the following two methods: a) the County may establish a tax loss reserve equal to one percent of the total secured Property Tax levy; or b) the County may establish a Tax Loss Reserve at the level of 25 percent of current secured Property Tax delinquencies. At the completion of each Fiscal Year, when actual secured Property Tax delinquencies are known, the Tax Loss Reserve requirements are evaluated by the Controller in order to determine which method of setting the Tax Loss Reserve results in a lower reserve amount, thus maximizing the amount of secured Property Tax revenues available to the City. If the City wishes to change its method of setting the required tax loss reserve for any fiscal year, it must do so by resolution approved by the Board of Supervisors prior to October 31 of the next fiscal year. The purpose of establishing a Tax Loss Reserve is to provide funding for potential losses from the City's sale of real property due to delinquent Property Taxes in the event such a sale does not result in sufficient revenue to cover the amount of the Property Tax delinquency.
2. Since FY 1996-97, the City and County of San Francisco has established its Tax Loss Reserve at one percent of the total Property Tax levy (Ordinance 360-96, FY 1996-97 Annual Appropriation Ordinance). As shown in the Attachment to this report provided by the Controller's Office, based on the current total secured Property Tax levy for FY 2002-2003, the Controller calculates that the required Tax Loss Reserve based on one percent of the total secured Property Tax levy would be \$9,643,966. By changing to the alternative method, at 25 percent of current secured Property

Tax delinquencies, the required Tax Loss Reserve would be \$9,049,155 as shown in the Attachment, or \$594,811 less than the \$9,643,966 required under the one percent of the total Property Tax levy method. According to Mr. Todd Rydstrom of the Controller's Office, the savings of \$594,811 would be added to the final yearend General Fund balance for FY 2002-2003.

Comments:

1. The Board of Supervisors previously adopted the Teeter Plan in October, 1993 (File 303-93-1). Under the Teeter Plan, the City and County now purchases delinquent Property Tax accounts receivables from the other agencies which are owed the delinquent Property Taxes. The agencies which receive San Francisco Property Tax Revenues include the San Francisco Unified School District, the San Francisco Community College District, BART, the Bay Area Air Quality Management District, the Open Space Fund, the Children's Fund, and the Library Preservation Fund. The City purchases the delinquent Property Tax receivables from these agencies. Instead of withholding each agency's share of delinquent Property Taxes, the City pays 100 percent of the delinquent amounts owed to the agencies. When the delinquent Property Taxes are collected from the owners of the applicable secured properties, or through the sale by the City of property having delinquent Property Taxes owed to the City, the City receives the principal amount of such delinquent Property Tax revenues plus interest payments due (currently imposed at 18 percent annually) and the penalties assessed (currently charged at the one-time rate of ten percent) on the delinquent property taxes.

2. The original approval of the Teeter Plan by the Board of Supervisors was intended to result in an overall net revenue benefit to the General Fund . At the time the Teeter Plan was first implemented in October of 1993, the Controller's estimate of the net revenue benefit to the General Fund was approximately \$1,500,000 annually. According to Mr. Rydstrom, the Controller is currently preparing an analysis of the current net revenue benefit to the General Fund of the Teeter Plan. However, the Controller's analysis is not yet completed as of the writing of this report. Mr. Rydstrom reports that the Controller's updated analysis will be provided to the Board of Supervisors by the Controller at a later date.

BOARD OF SUPERVISORS

BUDGET ANALYST

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Sandoval
Supervisor McGoldrick
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

A	B	C	D	E
1	Tax Loss Reserve			
2				
3				
4				
5	ALTERNATIVE #1: 1% of Tax Levy & Assessments			
6			FY 2002-03 Tax Year 2002	
7	NAV (Secured, plus Escapes)		\$ 86,338,102,702	A
8	X Property Tax Rate for Secured Property		1.1170%	B
9	Total Secured & Escape Levy - Actual		\$ 964,396,607	C = A x B
10	Assessments Not included in CCSF Teeter - Excluded			D
11	Total Levy on which the 1% is applied...		\$ 964,396,607	E=C+D
12				
13				
14				
15	Tax Loss Reserve Required @ 1% of Levy (R&T Sec. 4703)		\$ 9,643,966	F= E x 1%
16	Actual Tax Loss Reserve (7A_TAX_PTF) from PY		\$ 9,147,855	G = PY's TLR (See Notes Below)
17	Surplus / (Shortfall) from Required Reserve Level		\$ (496,111)	H= G - F
18				
19				
20				
21	ALTERNATIVE #2: 25% of Delinquencies [2]			
22	Delinquencies on Secured Taxes*		Actual	I (See Notes Below)
23	TLR Reserve (25% of Delinquencies) (R&T Sec. 4703.2)		\$ 36,196,618	J
24	Tax Loss Reserve Required @ 0.25% of Delinquencies		\$ 9,049,155	K= I x J
25	Actual Tax Loss Reserve (7A_TAX_PTF) from PY		\$ 9,147,855	PY's TLR
26	Surplus / (Shortfall) from Required Reserve Level		\$ 98,701	L=PY's TLR - K
27				
28				
29	Alternative #2 Results in a Lower Cost / (Higher Cost) Reserve		\$ 594,812	
30			Alt #2 Results in a Lower Reserve Level	
31			Alt #2 Used	
32	NOTES			
33	[1] The Tax Loss Reserve is in 7A_TAX_PTF, G/L 219, Index Code TTX7ATAXPTF. Subsidiary CON600. (FAMIS Screen 6100)			
34	Actual Tax Loss Reserve @ YEClose (7A_TAX_PTF) [1]		\$ 9,049,155	(Actual)
35				
36	[2] Delinquencies are based on the Year-End Report generated by the TTX (late July or early August).			
37				
38	Property Tax Delinquencies			
39	Secured Current Year (CY)	25.8%	\$ 15,014,607	Secured Current Year (CY)
40	Secured Prior Year (PY)	25.0%	\$ 14,585,181	Secured Prior Year (PY)
41	Escape (Secured)	2.8%	\$ 1,653,061	Escape (Secured)
42	5-Year Plan (Secured)	8.5%	\$ 4,943,769	5-Year Plan (Secured)
43	* Subtotal for Teeter Delinquency	62.1%	\$ 36,196,618	Subtotal for Teeter Delinquency ("I" above)
44	Unsecured	7.4%	\$ 4,322,656	Unsecured
45	Supplemental Secured CY	9.8%	\$ 5,689,029	Supplemental Secured CY
46	Supplemental Secured PY	5.3%	\$ 3,111,000	Supplemental Secured PY
47	Supplemental Unsecured CY	0.9%	\$ 527,552	Supplemental Unsecured CY
48	Supplemental Unsecured PY	14.5%	\$ 8,422,525	Supplemental Unsecured PY
49	Total Delinquencies	100.0%	\$ 58,269,380	Total Delinquencies



City and County of San Francisco

Meeting Minutes

Finance and Audits Committee

Members: Aaron Peskin, Gerardo Sandoval and Jake McGoldrick

[All Committees]
Government Document Section
Main Library

Clerk: Linda Laws

Wednesday, October 22, 2003

12:30 PM

City Hall, Room 263

Regular Meeting

Members Present: Aaron Peskin, Gerardo Sandoval, Jake McGoldrick.

MEETING CONVENED

The meeting convened at 12:38 p.m.

DOCUMENTS DEPT.

OCT 24 2003

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PUBLIC LIBRARY

REGULAR AGENDA

031607 [Appropriate funding from the General Reserve for Fire Engine 33]

Supervisors Sandoval, Gonzalez, Peskin

Ordinance appropriating \$1,600,000 from the General Fund Reserve for uniform salaries, premium pay, uniform overtime, fringe benefits, and materials and supplies and utilities to fund Fire Engine 33 for fiscal year 2003-2004.

(Fiscal impact.)

9/23/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

10/1/03, CONTINUED. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Deputy Chief Joseph Asaro, SFFD. Supervisor Peskin requested to be added as a co-sponsor.

Continued to 10/8/03.

10/8/03, CONTINUED. Heard in Committee. Speakers: Jim Corrigan; Tom O' Connor, Local 798.

Continued to 10/22/03.

Heard in Committee. Speakers: Chief Mario Trevino, SFFD; Marc Christensen; Ceasar Henry; Velma Wells; Minnie Ward; Steven Currier; Rebecca Silverberg; Giselle Quezada; Mary Harris; Myrna Lim; Miu Ha Lam; Douglas Marin.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

**031702 [Reappropriate funding to fund Fire Engine 33]
Supervisor Sandoval**

Ordinance reappropriating \$1,600,000 from uniform salaries and benefits from elimination of Battalion Chiefs to fund uniform salaries, premium pay, uniform overtime, fringe benefits, and materials and supplies to keep Fire Engine 33 open in fiscal year 2003-2004.

(Fiscal impact.)

10/7/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: Chief Mario Trevino, SFFD; Marc Christensen; Ceasar Henry; Velma Wells; Minnie Ward; Steven Currier; Rebecca Silverberg; Giselle Quezada; Mary Harris; Myrna Lim; Miu Ha Lam; Douglas Marin.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031517 [Agreement to Sell 418-420 Jessie Street]

Resolution approving and authorizing an agreement with Martin McNerney Development, Inc. dba Martin Building Company, Inc. for the sale of real property consisting of a former fire station on the first and second floors and vacant warehouse space on the upper six floors, for a purchase price of \$2,900,000; finding that competitive bidding is impractical or impossible; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution. (Real Estate Department)

(Public Benefit Recipient.)

9/3/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

9/24/03, CONTINUED. *Heard in Committee. Speaker: Steve Legnitto, Department of Real Estate.*

Continued to 10/8/03.

10/8/03, CONTINUED. *Heard in Committee. Speakers: Patrick Banks, Martin McNerney Development; Ed Harrington, Controller.*
Continued to 10/22/03.

Heard in Committee. Speakers: Steve Legnitto, Department of Real Estate; Harvey Rose, Budget Analyst; Mr. Haase; Ed Harrington, Controller.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

**031514 [Authorizing transfer of funds and management oversight from DPW to MOCD]
Supervisor Gonzalez**

Resolution authorizing transfer of \$475,000 and management oversight of two City accessibility projects from the Department of Public Works to the Mayor's Office of Community Development for inclusion in City's CDBG Program in order to satisfy HUD's demand for City reimbursement relating to the improper use by the Third Street Economic Development Corporation of \$51,706 in grant funds at 5048 Third Street.

8/26/03, REFERRED FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA AT THE NEXT BOARD MEETING

9/16/03, ASSIGNED to Finance and Audits Committee.

9/16/03, REFERRED to Finance and Audits Committee.

10/21/03, SUBSTITUTED. Supervisor Gonzalez submitted a substitute resolution bearing new title

10/21/03, ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: Amy Laitinen, Legislative Aide to Supervisor Gonzalez; Anna Yee, Mayor's Office; Harvey Rose, Budget Analyst.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution authorizing transfer of management oversight of two City accessibility projects from the Mayor's Office of Disability and the Health Department to the Mayor's Office of Community Development for inclusion in City's CDBG Program in order to satisfy HUD's demand for City reimbursement relating to the improper use by the Third Street Economic Development Corporation of \$51,706 in grant funds at 5048 Third Street.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031538 [Contracting out Airport Employee Parking Services]

Resolution approving the Controller's certification that Employee Parking Management Services for San Francisco International Airport can practically be performed by private contractor at a lower cost than if work were performed by city employees at budgeted levels. (Airport Commission)

(Fiscal impact; Public Benefit Recipient.)

9/15/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speaker: Josephine Bower, Airport Commission.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031539 [Contracting out Airport Public Parking Management Services]

Resolution approving the Controller's certification that Airport Public Parking Management Services for San Francisco International Airport can practically be performed by private contractor at a lower cost than if work were performed by city employees at budgeted levels. (Airport Commission)

(Fiscal impact; Public Benefit Recipient.)

9/15/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speaker: Josephine Bower, Airport Commission.

RECOMMENDED by the following vote:

Ayes: 3 - Peskin, Sandoval, McGoldrick

031643 [License Agreement with Broadcast Music Incorporated]

Ordinance authorizing the City Administrator to enter into the Local Government Licensing Agreement negotiated between the International Municipal Lawyer's Association and Broadcast Music Incorporated to license music uses by the City under a license subject to automatic annual renewal for an annual Base License Fee plus 1% of revenue from events in which gross revenue exceeds \$25,000. (City Administrator)

(No Public Benefit Recipient.)

9/29/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

Heard in Committee. Speakers: William Lee, City Administrator; Ted Lakey and Sara Ellen Owsowitz, Deputy City Attorneys.

Continued to 10/29/03.

CONTINUED by the following vote:

Ayes: 2 - Peskin, McGoldrick

Absent: 1 - Sandoval

ADJOURNMENT

The meeting adjourned at 2:38 p.m.

CITY AND COUNTY



[Budget Analyst Report]
Susan Hom
Main Library-Govt. Doc. Section
OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

October 16, 2003

DOCUMENTS DEPT.

OCT 21 2003

SAN FRANCISCO
PUBLIC LIBRARY

TO: Finance and Audits Committee

FROM: Budget Analyst

SUBJECT: October 22, 2003 Finance and Audits Committee Meeting

Items 1 and 2 - Files 03-1607 and 03-1702

Note: File 03-1607 was continued by the Finance and Audits Committee at its meeting of October 8, 2003. File 03-1702 proposes an alternative source of funds.

Department: Fire Department

Items: File 03-1607: Supplemental appropriation ordinance from the General Fund Reserve for \$1,600,000 for uniform salaries, premium pay, uniform overtime, fringe benefits, and materials and supplies to continue operating Fire Engine 33 during Fiscal Year 2003-2004.

File 03-1702: Ordinance reappropriating \$1,600,000 from Uniform Permanent Salaries, Premium Pay, and Mandatory Fringe Benefits by deleting 10.55 FTE Classification H-40 Battalion Chief positions to fund uniform salaries, premium pay, uniform overtime, mandatory fringe benefits, and materials and supplies to continue operating Fire Engine 33 during Fiscal Year 2003-2004.

Amount: \$1,600,000

Source of Funds: File 03-1607: General Fund Reserve.

File 03-1702: Reappropriation of Permanent Salary, Mandatory Fringe Benefit, and Premium Pay expenditures which would delete 10.55 FTE Classification H-40 Battalion Chief positions in the Fire Department's FY 2003-2004 budget.

Description: The Fire Department's FY 2003-2004 budget, as finally approved by the Board of Supervisors, was balanced on the assumption that Fire Engine 33, an Advanced Lifesaving (ALS) engine staffed at all times with one officer (a Classification H-30 Captain or a Classification H-20 Lieutenant), one Classification H-3 Firefighter Paramedic, and two Classification H-2 Firefighters, would be out of service for nine months in FY 2003-2004, from October 1, 2003 through June 30, 2004. Fire Engine 33 is located at Fire Station 33, situated at 8 Capitol Avenue at Broad Street. In total, Fire Station 33 was scheduled to be closed for approximately ten months, from October 1, 2003 through July 31, 2004, in order to undergo seismic retrofitting.¹ The seismic retrofit of Fire Station 33 is part of the Fire Department's ongoing seismic retrofitting of 26 of its 42 fire stations funded by 1992 Proposition C Fire Department General Obligation Bonds, approved by the voters in November of 1992.

As shown in Attachment I, provided by Ms. Christine Ragan of the Fire Department, for the nine months that Fire Engine 33 was projected to be out of service in FY 2003-2004 from October 1, 2003 through June 30, 2004, the Fire Department was budgeted to save \$1,504,403, comprising:

- \$1,409,321 in personnel costs, including a relief factor of 20.8 percent. According to Ms. Ragan the relief factor of 20.8 percent was calculated based on the Fire Department's absenteeism experience for the past three years for employees' usage of vacation, sick leave, disability leave, and compensatory time off.

¹ Under the original closure schedule, the tenth and last month of closure, July of 2004, would have occurred in FY 2004-2005.

- \$95,082 in non-personnel costs including fuel, utilities, medical and rescue supplies, and pharmaceuticals.

For the reasons outlined in Comment No. 2 below, the Fire Department now anticipates that Fire Station 33 will be closed from November 1, 2003 through September 30, 2004, which means that Fire Station 33 would be closed and Fire Engine 33 would be out of service for eight months instead of nine months in FY 2003-2004 (November 1, 2003 to June 30, 2004). However, since the Fire Department's FY 2003-2004 budget, as previously approved by the Board of Supervisors, was only funded to operate Fire Station 33 and Fire Engine 33 through September 30, 2003, and since Fire Station 33 is still in operation, the Fire Department's budget is presently in deficit.

Both Files 03-1607 and 03-1702 are alternative ordinances for purposes of appropriating a total of \$1,600,000 to the Fire Department in order to continue funding Fire Engine 33 in FY 2003-2004. However, as noted in Comment No. 4 below, there will still be a deficit of \$612,579 should Fire Engine 33 continue operating for the balance of FY 2003-2004.

Budget:

As shown in Attachment I, Ms. Ragan has submitted a revised budget for staffing Fire Engine 33 between October 1, 2003 and June 30, 2004 which is summarized in the following table:

Expenditure Category	Additional Funding Required for Oct 1, 2003 to June 30, 2004 (20.2 Pay Periods) to Keep Fire Engine 33 in Service
Overtime Mandatory fringe benefits Premium Pay as determined by MOU <i>Personnel Costs Subtotal:</i>	\$1,920,512 20,677 <u>176,356</u> 2,117,545
Other hospital, clinical and lab supplies for Fire Engine 33 Fuel Materials and supplies Utilities <i>Non-salary subtotal:</i>	40,034 15,000 32,000 <u>8,000</u> 95,034
TOTAL:	\$2,212,579

As stated in Attachment I, "As part of the overall comprehensive budget solution for [Fiscal Year] 2003-04 with no new hires included, funding was reduced in overtime as staff from Engine 33 would have been used to maintain minimum staffing requirements." Ms. Ragan advises that minimum staffing requirements are determined by the type of apparatus that is operational each day. For example, a fire engine requires four staff, a fire truck requires five staff, while an ambulance requires two staff. By not taking Fire Engine 33 out of service for the nine month period from October 1, 2003 through June 30, 2003 and thereby not releasing 17 FTEs to backfill vacancies elsewhere in the Fire Department, the Fire Department estimates that it would require an additional \$2,117,545 in overtime and related mandatory fringe benefits and premium payments. Further, keeping Fire Engine 33 in service would result in an additional \$95,034 in estimated non-salary costs, for total additional estimated costs of \$2,212,579 which is \$612,579 more than the subject request of \$1,600,000.

Comments: **Temporary Closure of Fire Station 33 and Fire Engine 33**

1. Fire Station 33 is one of the last two fire stations scheduled to be seismically retrofitted using funding from the 1992 Proposition C Fire Department General Obligation Bonds.² Attachment II, provided by the Fire Department, is a list of the 26 fire stations which have been seismically retrofitted since 1992. In each case, fire suppression, and, after 1997, emergency medical services, located at the temporarily closed fire stations, were temporarily redeployed to another fire station located in close proximity. Ms. Ragan advises that the previous temporary fire station closures occurred when there were no net reductions in Fire Department funding, and therefore the Fire Department was able to redeploy those station's fire and emergency medical units. However, in FY 2003-2004, according to Ms. Ragan, based on the reductions to the Fire Department's budget, the Fire Department sought to balance its reduced budget in part by not redeploying Fire Engine 33 to operate out of another fire station.

2. According to Ms. Ragan, the seismic retrofit of Fire Station 33, which was due to begin in October of 2003, has not yet begun because the original bid process was protested and then terminated due to incomplete documentation of the scope of work as determined by the Contract Administration Section of the Department of Public Works. The documents were amended by the Bureau of Architecture and were readvertised on August 28, 2003 and the resulting bids were opened on September 17, 2003. Currently the Contract Administration Section of the Department of Public Works is in the process of qualifying the low bid contractor. Ms. Ragan advises that this process generally takes 30 to 90 days at which point the Notice to Proceed will be issued by the Department of Public Works. However, as previously noted, the Fire Department's FY 2003-2004 budget assumes that Fire Station 33 would be closed for the full nine-month period of October 1, 2003

² Fire Station 35 (Fireboat) at the foot of Pier 22½ has been postponed due to discussions with the Port to relocate that fire station.

through June 30, 2004. Ms. Ragan advises that the Fire Department plans to close Fire Station 33 as soon as possible unless the Board of Supervisors approves the subject requested funds of \$1,600,000. However, as noted above, there would still be a \$612,579 deficit in FY 2003-2004 if the Board of Supervisors approves the \$1,600,000 subject request.

3. Ms. Ragan advises that during the closure of Fire Station 33, fire suppression and emergency medical service coverage had been planned to be provided to the Fire Engine 33 district as follows:

- Fire suppression: Fire Engine 33 would operate out of Fire Station 15, located at Ocean and Phelan Avenues. Each day, Fire Engine 33 would be staffed by crews from whichever fire truck is temporarily shut down for repair that day. Ms. Ragan reports that there is one fire truck scheduled for repair or maintenance lasting a few hours every day. Also, Ms. Ragan advises that whenever the Fire Department is overstaffed (i.e., when Firefighter staffing exceeds minimum required staffing due to less than anticipated absenteeism) for a day, the surplus firefighters would be sent to staff Fire Engine 33's district. However, Ms. Ragan notes that there have been no days in FY 2003-2004 to date in which the Fire Department has been overstaffed. Ms. Ragan further advises that whenever the neighboring fire units at Fire Stations 15, 19,³ and 43⁴ are out of service for working emergencies, other fire units would be sent to cover Fire Engine 33's district. Ms. Ragan also reports that discussions were begun in June of 2003 to update the standing mutual aid and automatic aid agreement between the Fire Department and the Daly City Fire Department to provide "automatic aid" in Fire Engine 33's district. According to Ms. Ragan, this means that Daly City fire units would be dispatched immediately to any fire emergency in Fire Engine 33's district.
- Emergency medical services: Medic units (i.e. ambulances) staffed with two paramedics would be

³ Fire Station 19 is located at 390 Buckingham Way, Stonestown.

⁴ Fire Station 43 is located at 720 Moscow Street, Geneva.

brought in from the downtown area to cover Fire Engine 33's district for 19 hours per day, from 7 am until 2 am. Ms. Ragan advises that these medic units would rove throughout Fire Engine 33's district. According to Ms. Ragan, this will result in faster paramedic response times than is normal for Fire Engine 33's district when Fire Engine 33 is operational. However, Ms. Ragan also advises that this redeployment of medic units will result in a reduced number of medic units operating in the Downtown-Mission Corridor.

The Budget Analyst notes that the Fire Department has neither provided a workload analysis of the remaining Fire engines and ambulances operating in the Downtown-Mission Corridor, nor an analysis of the impact of reducing the number of medic units in the Downtown-Mission Corridor, the Fire Department's busiest area.

Cost of Keeping Fire Engine 33 Operational

4. The Budget Analyst, the Deputy Controller, and the Mayor's Budget Director concur with the Fire Department's projections that in order to keep Fire Engine 33 in service from October 1, 2003 through June 30, 2004, Fire Engine 33 staffing would have to be backfilled on overtime, plus related premium pay and mandatory fringe benefit costs. As previously noted, the Fire Department estimates that this would result in additional FY 2003-2004 costs of \$2,212,579. Therefore, as previously noted, there would still be a deficit of \$612,579 (\$2,212,579 less \$1,600,000).

5. In Attachment I, Ms. Ragan advises that the Fire Department has needed 19 to 21 uniformed staff per day to work on an overtime basis in order to maintain minimum staffing levels department-wide. This situation has been partially exacerbated by (a) the greater than anticipated number of retirements from the Fire Department during the first quarter of FY 2003-2004, which has reduced the number of firefighters available for assignment and increased the need to backfill absences with overtime shifts, and (b) the delay in deleting 28.50 FTE Classification H-10 Chief's Aides as was previously

authorized by the Mayor and the Board of Supervisors in the Fire Department's FY 2003-2004 budget. According to Ms. Ragan, this delay was caused by the fact that the firefighters' MOU was not approved until August of 2003. Ms. Ragan advises that of the FY 2003-2004 General Fund overtime budget of \$3,916,326, the Fire Department had already expended \$2,496,862 by September 26, 2003, or approximately 63.8 percent. Ms. Ragan advises that the Fire Department is currently working with the Mayor's Budget Office to develop overtime projections for the entire FY 2003-2004, but these projections are not yet complete. Ms. Ragan assumes that the average number of overtime shifts per day would drop by four per day if Fire Engine 33 is placed out of service, resulting in total estimated overtime savings of \$1,263,600 during the remainder of FY 2003-2004, according to Ms. Ragan.

Funding Option No. 1: General Fund Reserve (as proposed in File 03-1607)

6. Under the proposed supplemental appropriation ordinance (File 03-1607), the requested amount of \$1,600,000 would be funded out of the General Fund Reserve. Ms. Monique Zmuda of the Controller's Office advises that the Controller's Office has certified the General Fund Reserve amount of \$1,600,000. However, at the same time, the Controller has identified a potential City-wide General Fund Reserve shortfall of \$8,772,983 and in his October 9, 2003 memorandum to the Board of Supervisors Budget Committee, the Controller advised that:

At this time, we project that the City's General Fund Reserve for FY 03-04 is inadequate to offset revenue losses for this year and to meet the expenditure needs of the City. As a result, the Controller cannot certify availability of funds for any future General Fund Supplemental Appropriation requests unless revenues increase above the current expected level, and/or expenditures are reduced below current budgeted levels.

**Funding Option No. 2: Reduction of 10.55 FTE
Battalion Chiefs (as proposed in File 03-1702)**

7. Under File 03-1702, instead of using General Fund monies, \$1,600,000 would be reappropriated from Permanent Salaries, Mandatory Fringe Benefits, and Premium Pay in the Fire Department's FY 2003-2004 budget as a result of deleting 10.55 FTE Classification H-40 Battalion Chief positions to reduce the number of daily Battalion Chief posts from nine to six between January 1, 2004 through June 30, 2004. The deletion of 10.55 FTE Classification H-40 Battalion Chief positions would be consistent with a recommendation made by the Budget Analyst in the FY 2003-2004 budget process to reduce the number of Battalion Chief posts from nine to six between October 1, 2003 and June 30, 2004. This recommendation was not accepted by the Board of Supervisors. The \$1,600,000 would be reappropriated as follows:

Budget Category	Funding Reappropriated <u>From</u>	Funding Reappropriated <u>To</u>
Permanent salaries for 10.55 FTE Classification H-40 Battalion Chief positions (14.00 FTEs staffing three Battalion Chief posts per day for nine months)	(\$1,251,173)	
Premium pay	(187,676)	
Mandatory fringe benefits	<u>(161,151)</u>	
<i>Subtotal</i>	(1,600,000)	
Permanent salaries for 12.75 FTE Classification H-2 Firefighter positions (17.00 FTEs staffing four Firefighter posts per day for nine months)		\$872,510
Premium pay		236,857
Overtime		184,064
Mandatory fringe benefits		161,444
Fuels and lubricants		20,000
Other materials and supplies		42,000
Other hospital, clinical and lab supplies for Fire Engine 33		<u>83,125</u>
<i>Subtotal</i>		1,600,000
TOTAL:	(\$1,600,000)	\$1,600,000

Funding Option No. 3: Sale of Surplus Fire
Department Properties

8. There are two fire station properties at 909 Tennessee Street and 1648 Pacific Avenue which the Fire Department could declare surplus to its requirements. Mr. Steve Legnitto of the Real Estate Division of the Department of Administrative Services advises in Attachment III that:

- If declared surplus by the Fire Department, sale of both properties would first have to be offered to other City departments, and then if not required by other departments, under the Administrative Code the properties would have to be evaluated on their appropriateness for use as homeless shelters, unless the Board of Supervisors waived that Administrative Code requirement. Only if the subject properties were deemed inappropriate for use as homeless shelters, or the Board of Supervisors waived that Administrative Code requirement, could the subject properties be placed on the property market for sale.
- Based on a very preliminary estimate, the property at 909 Tennessee Street is valued between \$0 and \$400,000. Mr. Legnitto states that 909 Tennessee Street should be independently appraised by a third party. Valuation, preparation for public auction, and escrow closing would take between 150 and 240 days, according to Mr. Legnitto.
- Based on a very preliminary estimate, the property at 1648 Pacific Avenue is valued between \$150,000 and \$400,000. Mr. Legnitto states that 1648 Pacific Avenue should be independently appraised by a third party. Valuation, preparation for public auction, and escrow closing would take between 90 and 150 days, according to Mr. Legnitto.

9. Based on Mr. Legnitto's comments, the Budget Analyst notes that the proposed surplus property sales, if they were sold at public auction, could take up to 240 days (approximately eight months) and, based on preliminary estimates, such sales would generate up to an estimated \$800,000.

BOARD OF SUPERVISORS
BUDGET ANALYST

10. As previously noted, the Fire Department has recommended redeploying medic units (i.e. ambulances) currently operating in the Downtown-Mission Corridor, the Fire Department's busiest area, to Fire Engine 33's district. This will reduce the number of medic units available in the Downtown-Mission Corridor. The Budget Analyst notes that the Fire Department has neither provided a workload analysis of the remaining Fire apparatus and ambulances operating in the Downtown-Mission Corridor, nor an analysis of the impact of reducing the number of medic units in the Downtown-Mission Corridor. The Budget Analyst questions how the fire suppression and emergency medical service coverage which the Fire Department plans to provide to the Fire Engine 33 area during the closure of Fire Station 33 could have been determined without such a workload analysis.

Recommendation: Approval of the proposed supplemental appropriation ordinances is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO FIRE DEPARTMENT



Mario H. Treviño, Chief of Department
Raymond R. Balzarini, Deputy Chief of Operations
Joseph C. Asaro, Deputy Chief of Administration

698 Second Street
San Francisco, CA 94107
(415) 558-3400

VIA FACSIMILE & INTER-OFFICE MAIL

October 6, 2003

Supervisor Aaron Peskin
Chair, Finance and Audit Committee
San Francisco City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Re: Supplemental for Engine 33 of \$2.4 million (Revised)

Dear Supervisor Peskin:

In response to the request from the Budget Analyst for information concerning the costs for staffing Engine 33, the estimated costs associated with the a) 2003-04 budget development and b) the revised costs to operate Engine 33 and maintain minimum staffing Citywide from October 1, 2003 through June 30, 2004 are provided.

The estimated cost to continue to staff Engine 33 ranges from \$1.7 million if the Department maintains minimum staffing using straight time to \$2.2 million if the Department maintains minimum staffing using overtime. As part of the overall comprehensive budget solution for the 2003-04 with no new hires included, funding was reduced in overtime as staff from Engine 33 would have been used to maintain minimum staffing requirements.

The total cost to fund Station 33 is \$3,413,235. The total supplemental needed to fund the continued staffing of Engine 33 would be approximately \$2.2 million in overtime, premiums, fringe and non-salary items. This is based on taking 20.2 pay periods of overtime to fund the overtime that would have been saved plus the cost of providing relief to Engine 33 plus the non-salary expenditures.

It has been suggested that funding for this supplemental could be taken from the elimination of battalion chief positions. Currently the Department has only nine (9) daily battalion chiefs. This would be equivalent to the Department deactivating all the remaining nine (9) battalion chiefs, which would require 38 demotions through every rank from battalion chief to firefighter and laying off approximately 12.12 H2 Firefighters.

Supervisor Peskin
October 6, 2003
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This is not a proposal by the Fire Department. Any changes in staffing would have a direct impact on the safety of firefighters and the safety of the citizens served. These amounts are calculated from the difference in the salary of a battalion chief and the last hired firefighter currently at step 2 in the salary schedule for half a year starting January plus overtime savings. The savings difference for one post daily is equivalent to \$291,289 annually. The savings starting January is assumed to be \$145,644 for a total of \$1,310,779 for the nine (9) battalion chiefs. Overtime savings is estimated at approximately \$546,599 for half a year with an additional 8.69 H2 Firefighters needing to be laid off to cover costs.

a) Estimated Cost Savings for Engine 33 in 2003-04 Budget

During the 2003-04 budget discussions, the annual cost allocations were defined as \$1,827,931 in personnel savings which included a relief factor of 20.8% and \$123,325 in non-salary savings for materials and supplies, medical equipment, fuel, rescue and pharmaceutical supplies and utility expenses. These estimated budget costs are detailed as follows for 03-04 as well as the estimated costs for 2004-05 as requested based on the current MOU without any additional increases in base salary:

Subobject:	Description	Est. 03-04 Annual	FY 03-04 20.2 PP	Est. 04-05 Annual
00201	Salaries	\$1,414,264	\$1,090,387	\$1,428,407
00902	Fringe w/ relief	184,108	141,946	185,949
01102	Premiums	<u>229,558</u>	<u>176,988</u>	<u>231,854</u>
	Salaries and Fringe	\$1,827,931	1,409,321	\$1,846,210
04499	Other Hos. Clinical	51,925	40,034	51,925
04799	Fuel	19,500	15,034	19,500
04999	M&S	19,500	15,034	19,500
04999	M&S	22,050	17,000	22,050
03200	Utilities Exp	<u>10,350</u>	<u>7,980</u>	<u>10,350</u>
	Non-Salary	123,325	95,083	123,325
	Total:	\$1,951,256	\$1,504,403	\$1,969,535

b) Revised Costs to Staff Engine 33

As the Department has to rely on overtime to maintain minimum staffing levels and it was anticipated in the budget process that the staff of Engine 33 would help to reduce overtime Department-wide, the cost to maintain staffing of Engine 33 has to include the additional overtime costs that was reduced in the budget. To staff Engine 33 and to backfill for those positions that would have been at a straight rate from October 1, 2003 through June 30, 2003 will cost the Department approximately \$3,413,935. This figure includes \$3,318,901 in salary costs and \$95,034 in non-salary costs. This will require an additional allocation of \$2,212,579 to off-set the cost impacts of continuing to staff Engine 33.

Supervisor Peskin
October 6, 2003
Page 3

The following amounts for Station 33 are based without relief as the Department has been required to incur overtime to maintain minimum staffing which included Fire Station 33 through the present. As the budget was not based on the staffing of Engine 33, there is an estimated increase in overtime to maintain operation of Engine 33 from October 1, 2003 through June 30, 2004 as well as Department wide to maintain minimum staffing.

Description	Total Revised Cost	Funding In Budget Oct-June (20.2 pp)	Overtime Needed Oct-June (20.2 pp)
Salaries	\$900,433	\$900,433	\$ -
Fringe	144,613	123,936	20,677
Premiums	353,343	176,988	176,355
Overtime	<u>1,920,512</u>	-	<u>1,920,512</u>
Salaries and Fringe	3,318,901	1,201,357	2,117,545
Other Hos. Clinical	40,034	-	40,034
Fuel	15,000	-	15,000
M&S	15,000	-	15,000
M&S	17,000	-	17,000
Utilities Exp	<u>8,000</u>	-	<u>8,000</u>
Non-Salary	95,034	-	95,034
Total:	\$3,413,935	\$1,201,357	\$2,212,579
Average Per Pay Period	\$130,303	\$45,853	\$84,450

Detailed Breakdown of Revised 2003-04 Cost Calculations for Station 33

Salaries

Salaries were calculated based on the following formula to determine the total FTE count required to staff Engine 33:

- All shifts are staffed on a 24-hour basis.
- All employees are entitled to a minimum level of vacation days as detailed in the MOU.
- Employees are allowed to take earned compensation time (per MOU).
- Sick leave and disability must be considered in determining the appropriate levels of staffing.

One FTE working 24-hour shifts is equivalent to working 2,496 hours per year. The average number of hour worked per week is 48 hours. The number of hours is calculated using the average workweek times 52 weeks in a year. The total number of hours in a year is 8,760 (24 X 365).

Supervisor Peskin
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STEP ONE: To determine the number of FTE needed to be hired everyday without any relief provided for vacations, comp time, sick leave, and disability leave, the following formula is applied to each daily position:

Total number of hours in year (8,760) divided by the total number of hours per FTE (2,496) = 3.51 FTE
4 daily staffing requirement for Engine 33 times 3.51 FTE for each daily spot
= 14.04 FTE without relief

STEP TWO: The relief factors must be applied. Based on the Departments experience for the past 3 years, relief factors have been developed for vacations, comp time and the use of sick and disability leave. The relief factor is calculated to be 20.8 percent. This factor is then applied to the FTE calculated in Step One:

14.04 FTE without relief times 20.8% relief factor
= 2.92 Relief FTE needed

STEP THREE: To determine the total FTE needed to adequately staff all field operations, add the FTE in Step One to the Relief FTE in Step Two:

14.04 FTE without relief plus 2.92 Relief FTE
= 16.96 or 17 Total FTE needed to provide staffing to meet the minimum daily requirement of 4 FTE 24/7

All Advanced Life Support (ALS) engines are staffed with one officer, one firefighter/paramedic and 2 firefighters for a total daily staffing requirement of 4 positions daily. The salaries to fund step one are based using the salary schedule for 2003-04 and 26.2 pay periods for 2003-04. This totals the salary costs without relief to \$1,167,888 for the 26.2 pay periods and \$900,433 for 20.2 pay periods (October through June).

The salaries at regular rate of pay for staffing without relief are already included in the base budget as these positions were considered as part of the needed relief to reduce overtime in the field. Therefore, these salaries are not being requested as part of the supplemental needed to fund the continued staffing of Engine 33 from October 1, 2003 through June 30, 2004. The relief needed to continue to staff Engine 33 is requested under overtime as it was not included in the 2003-04 budget.

Fringe

Total fringe is calculated taking the salary cost times 11.2% based on Controller's estimates including fringe associated with overtime of 1%.

Overtime

There are two areas of overtime. One for the continued staffing of Engine 33 and the other overtime assumed as savings in the 2003-04 budget using the staff from Engine 33 to reduce overtime Citywide to maintain minimum staffing requirements

Overtime to maintain staffing for Engine 33 is calculated using the salary cost without relief and the salary cost with relief. Estimated overtime is the difference in these two amounts times 1.5 as overtime is paid at one and one half the salary rate per hour.

$$OT = \text{Salary with relief less Salary w/o relief times 1.5 not including premiums}$$

This calculation does not include premiums which are earned and included in overtime calculations. These figures are included in the premium calculation.

Overtime costs to offset savings from having staff available Department wide to reduce overtime is calculated as follows:

$$OT = \text{Salary for the positions to staff one ALS engine with relief times 1.5 not including premiums } (\$1,414,264 \times 1.5 \text{ overtime factor})$$

Total overtime is estimated at \$1,920,512 to maintain minimum staffing Citywide and to staff Engine 33 from October 1, 2003 through June 30, 2004

Premiums

Premiums are determined by MOU. Local 798 MOU provides 6 % holiday premium, 6% education premium, 5% emergency medical technician (EMT) premium, 5% driver tiller premium and 2% retention pay for continuing service over 25 years. All of these major premiums are subject to overtime pay except the holiday premium.

Based on the MOU and the staffing requirements for an ALS engine, the premiums were calculated to be \$353,343 including premiums earned in overtime.

Non-Salary Costs

Other Hospital Clinical costs include the cost to provide appropriate medical equipment and supplies for the ALS engine. These costs also include needed pharmaceuticals and rescue supplies to provided services to the community.

Fuel was reduced in the 2003-04 by approximately \$20,000. It is estimated that the cost to maintain Engine 33 from October 1, 2003 through June 30, 2004 would be approximately \$15,000.

Additionally, the cost for materials and supplies would increase both in Operations as well as in Support Services for paper and other materials needed for the company. This would also provide for other supplies needed for the apparatus such as radios as well as for maintaining supplies of medical reports and forms especially as it is an ALS engine for a total cost of approximately \$32,000.

There is also an additional cost in utilities of approximately \$8,000 that would be incurred with additional staff in the stations.

Supervisor Peskin
October 6, 2003
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Additional Questions from Email Dated September 26, 2003:

Enclosed are responses to your email request September 26, 2003 and the request from Supervisor Sandoval.

1. What is the exact cost of the resources required to operate one fire engine for a year? Please provide a budget breakdown of the related personnel and operating costs. Please make sure to cost on the basis of the minimum required level of staffing (i.e. is the minimum daily staffing requirement 4.00 FTE H-2s/H-3s + 1.00 FTE H-2/H-3 for relief?), differentiating between the salary costs of regularly scheduled H-2s/H-3s, and the overtime that would be required. Please provide a detailed justification for any overtime budgeted.

The detail to this question is outlined above.

2. How many frontline H-2s and H-3s does the Fire Department currently have relative to its budgeted fixed post staffing establishment (is the department under/over/on target)? To what degree could Fire Engine 33 be staffed by regularly scheduled H-2s/H-3s, rather than by overtime?

There are 1,053.94 H2 FTEs and 1052 positions filled of which 4 or more are in LWLP or Acting assignments as H4, H6, H10 or H20s, and at least 3 are retired but not separated.

There are 225 H3 FTEs and 247 positions filled of which 6.25 are TXed from H1, approximately 3 are LWLP H20s and remainder provide relief for H33s in a daily LWLP capacity as needed.

Over the past 3 months the Department has averaged 19 to 21 WDOs per day (24 hour overtime assignments required to maintain minimum staffing). With the additional requirement of staffing Engine 33 from October 1, 2003 through June 30, 2004, which requires 4 positions to be staffed daily, would incur additional costs in overtime that were not included in the 2003-04 budget allocation.

Average WDOs would drop by 4 per day as per the budget assumptions and allocations if these staffs were available and Engine 33 placed out of service.

3. Are the Fire Department's projected retirements happening, and what effect are they having on the Department's actual staffing relative to its budgeted fixed post staffing establishment? Please provide an analysis of recent retirements and the projected retirements for the balance of FY 2003-2004.

Since June 2003, the Department has had 43 retirements. There are an additional 7 waiting for industrial disability retirements and though not working, they are still

Supervisor Peskin
October 6, 2003
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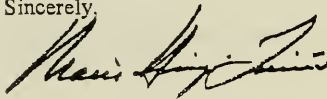
included in the position counts for the Department until they are separated. 31 people have filed intents to retire with Retirement Services through December 2003. The budget estimated 45 retirements for 2003-04 and no new hires. These were to occur beginning October 2003. The Department has incurred more retirements than anticipated in the first 6 months. The estimates were based on people retiring at the maximum age and or years of service. The lack of fiscal incentives in the MOU as well as the 7.5% pre-retirements give back added to the number of retirees. The result of this has been an increase in overtime usage for the Department.

Additionally, the last class that was originally included in the 2003-04 budget was not held due to lack of funding which would have provided relief staff. The average number of WDOs per day for the current fiscal year has been 21 through end of August.

Based on the overtime levels incurred with in the first three months for this fiscal year, as additional employees retire, the overtime expenditures will increase, not decrease, to maintain minimum levels of staffing in providing fire and medical services in the City and County.

If you have any additional questions or need additional information, please let me know.

Sincerely,



Mario H. Treviño
Chief of Department

cc: Fire Commission
Supervisor Gerardo Sandoval
Supervisor Jake McGoldrick
Clerk of the Board
Ben Rosenfield, Mayor's Office of Finance and Legislative Affairs
Joseph Asaro, Deputy Chief of Administration
Ray Balzarini, Deputy Chief of Operations
Christine T. Ragan, SFFD Chief Financial Officer
Gary Massetani, Fire Marshal
Alan Gibson, Budget Analyst's Office
Monique Zmuda, Controller's Office

STATION	ADDRESS	DESIGN	BID &	CONSTRUCTION	DEPLOYMENT OF
		EARLY	AWARD	EARLY	COMPANIES UNDER
		START		FINISH	RENOVATION
Station #21	1443 Grove Street	17-Sep-92	14-Dec-93	14-Feb-95	E21-ST 5
Station #3	Phase 1	19-Jun-93	7-Nov-93	24-Aug-94	E3 & T3 -ST 5
	Phase 2	5-Jan-95	16-Oct-95	13-Sep-96	
Station #5	Phase 1	19-Jun-93	7-Nov-93	24-Aug-94	E5-ST21, T5,D2-ST38, MEDIC5-ST6
	Phase 2	3-Dec-96	15-Sep-98	14-Dec-99	
Station #6	Phase 1	19-Jun-93	7-Nov-93	24-Aug-94	E6-ST21,T6-ST5(22), BLS6-ST32 ST20:UTL,HT21
	Phase 2	1-Sep-97	29-Jun-99	8-Oct-00	
Station #22	Phase 1	19-Jul-93	11-Nov-93	8-Aug-94	E22-ST20,HT22-ST18
	Phase 2	1-Sep-97	7-Aug-99	31-Oct-00	
Station #26	Phase 1	19-Aug-93	11-Nov-93	8-Aug-94	E26-ST24
	Phase 2	3-Jan-95	3-Oct-95	30-Nov-96	
	Phase 3	25-Nov-96	25-Nov-97	30-Oct-98	
Station #16	Phase 1	20-Jul-93	11-Nov-93	8-Aug-94	E16, T16- ST38
	Phase 2	21-Oct-93	14-Dec-94	21-May-96	
Station #13	Phase 1	28-Jul-93	20-Dec-93	30-Jun-94	D1 & BLS13-ST29, E13-ST28, T13-ST8,RC1-ST38,CO2 & HT13-ST10
	Phase 2	1-Jul-96	25-Mar-00	25-Apr-01	
	Re-bid		20-Dec-00	15-Apr-02	
	Re-Re-bid		18-Apr-01	3-Sep-02	
Station #23	1348 45th Avenue	21-Oct-93	30-Dec-94	20-Apr-96	E23-ST18
Station #9	2245 Jerrold Avenue	8-Nov-93	20-Dec-94	1-Oct-95	E9- ST25, T9-ST9,B10-ST17
Station #39	1091 Portola Drive	3-Jan-94	18-Aug-95	30-Jun-97	E39-ST20
Station #33	8 Capitol Avenue	5-Jan-94	On Hold	On Hold	
	Revised	30-Apr-02	20-Nov-02	15-Aug-03	
	Re-bid	28-Aug-03	TBA	TBA	
Station #43	720 Moscow Street	31-Jan-94	20-Dec-94	22-Feb-96	E43- ST15
Station #10	655 Presidio Avenue	29-Apr-94	17-May-97	30-Sep-98	E10-ST5, T10-ST38
					Service Squad-8OE, 1415 Evans St
Station #17	1295 Shafter Avenue	2-May-94	20-Oct-95	31-Jul-96	E17- HP, T17- ST44
	Re-bid		22-Dec-95	22-Dec-96	
Station #25	3305 3rd Street	1-Jun-94	25-Apr-98	1-Nov-99	E25- HP
Station #41	1325 Leavenworth Street	2-Jan-95	13-Feb-96	27-Jun-97	E41- ST38
Station #34	499 41st Avenue	5-Jan-95	20-Feb-96	11-Dec-97	E34- ST14
Station #18	1933 32nd Avenue	15-Jan-95	16-Feb-96	1-Oct-97	E18- ST19, T18- ST22
Station #42	2430 San Bruno Avenue	1-Apr-95	7-May-97	28-Feb-98	E42- ST444
Station #20	285 Olympia Way	1-Sep-95	11-Oct-97	18-Sep-98	E20- ST39
Station #14	551 26th Avenue	3-Mar-96	30-Sep-97	4-Dec-98	E14- ST34, T14- ST31
Station #28	1814 Stockton Street	15-May-96	17-Oct-98	26-Aug-99	E28- ST13, MEDIC 28- ST2
	Re-bid		16-Dec-98	2-Jun-00	
Station #32	194 Park Street	13-May-96	30-Sep-00	1-Nov-01	E32-ST11, MP32-ST42
	Re-bid		20-Dec-00	1-Jul-02	
	Re-Re-bid		28-Feb-01	21-Oct-02	
Station #19	390 Buckingham Way	1-May-98	6-Dec-97	15-Apr-99	E19- ST18, T19- ST15 RC4-ST43
Station #29	299 Vermont Street	18-Apr-97	8-Aug-98	20-Dec-99	E29- ST9
Station #12	1145 Stanyan Street	2-Dec-97	16-Mar-99	18-Mar-00	E12, T12- ST20, MEDIC12-ST24
re Boat Headquarters / Station #35	Pier 22-1/2	23-May-97	On Hold	TBD	E35-ST13 or ST8



Steve Legnitto
Deputy Director

October 3, 2003

Honorable Supervisor Gerardo Sandoval
Board of Supervisors
City Hall, Room 244
San Francisco, CA 94102

RE: Inquiry Regarding Former Fire Stations at 909 Tennessee Street and 1648 Pacific Avenue

Dear Supervisor Sandoval:

In response to your request for an estimate of value regarding the former fire stations located at 909 Tennessee Street and 1648 Pacific Avenue, we submit the following brief report:

For each property we have provided basic facility information. We will defer to the Fire Department for current use information. The values stated in this report are rough estimates provided without detailed study and analysis, and are to be used for conceptual purposes only. Please also be advised that the Fire Department has not declared the following properties surplus. Once declared surplus, our division would have to comply with Chapter 23 of the Administrative Code, as well as California Government Code (Chapter 5 Property, Article 8, Surplus Land, Section 54220 et seq.), and City Ordinance 227-02, Surplus Property Ordinance. Additionally, prior to disposition, a current facility assessment should be completed along with a third party, independent appraisal of each property. In the case of the Tennessee Street property, a land survey and lot line adjustment would be required to sever the property from the old Potrero Police Station. The Pacific property would take approximately 60 to 90 days to value and prepare for a public auction while the Tennessee property would most likely take 120 to 180 days to value and prepare for a public auction. Completing each transaction would also normally require an additional period of 30 to 60 days for escrow closing.

1648 Pacific Avenue (Old Station 4)

In reviewing our files, we noted that Clifford and Associates completed an appraisal for 1648 Pacific Avenue in March of 1995 in contemplation of a possible transaction. The final estimate of value at that time was between \$0 and - \$175,000 (negative value). We have attached some basic building information on the following pages regarding Old Station 4. Please note that this building also has landmark status (#188), which will complicate restoration. Based upon a very preliminary estimate, we believe that the property's highest and best use could be multiple residential, and that

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A handwritten signature, likely of Steve Legnitto, written in dark ink.

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it could have a gross value between \$750,000 to \$1,000,000. The Clifford report also listed adjustments to value based upon seismic upgrades, and asbestos remediation to cure property deficiencies. We have adjusted his total deduction figure from \$547,000 to approximately \$600,000. Subtracting this amount from the gross figures would then give us a net fair market value estimate of \$150,000 to \$400,000. Due to the age of this appraisal and the changes in the market, we recommend a new appraisal to further perfect our estimate.

909 Tennessee Street (Old Station 16)

In reviewing our files, we also noted that Clifford and Associates completed an appraisal for 909 Tennessee Street in February of 1995 in contemplation of a possible transaction. The final estimate of value at that time was between \$0 and - \$190,000 (negative value). We have attached some basic building information on the following pages regarding Old Station 16. This facility is not a landmark but we believe that it may be historically significant. If there were restrictions on demolishing the building, we would have to adjust its value by the estimate to correct its deficiencies. Clifford had estimated this figure at \$423,000. Considering that the building could be demolished, we would not factor in this adjustment. Therefore, based upon a very preliminary estimate, we believe that the property's highest and best use could be multiple residential, and that it could have a gross value of approximately \$400,000 (land value only) or a zero value if demolition was not an option. Due to the age of this appraisal and the changes in the market, we recommend a new appraisal to further perfect our estimate.

We hope that this information is useful.

Sincerely,


for Steve Legnitto
WTC Deputy Director

Enclosures

FIRE STATION 4

1648 Pacific Avenue

Site:	SFFD Fire Station 4
Block/Lot:	574 / 11
Address:	1648 Pacific (Van Ness and Polk)
Dimensions:	30' x 127'-8 1/4"
Neighborhood:	Polk Gulch
Site Area:	3830 \pm sq. ft.
Building Area:	6790 (+ basement 960 sf)
Jurisdiction:	SFFD
Zone:	Polk NCD
H/L:	65'
Landmark:	#188
Year of Construction:	1916
Year Closed:	1972
Structure:	UMB
Other Deficiencies:	Asbestos containing material No ADA Leaking roof and sidewalk Spalling concrete

Highest and Best Use

- * Commercial: gallery, professional office
- Residential

Value rooted upon commercial
plus 6 units

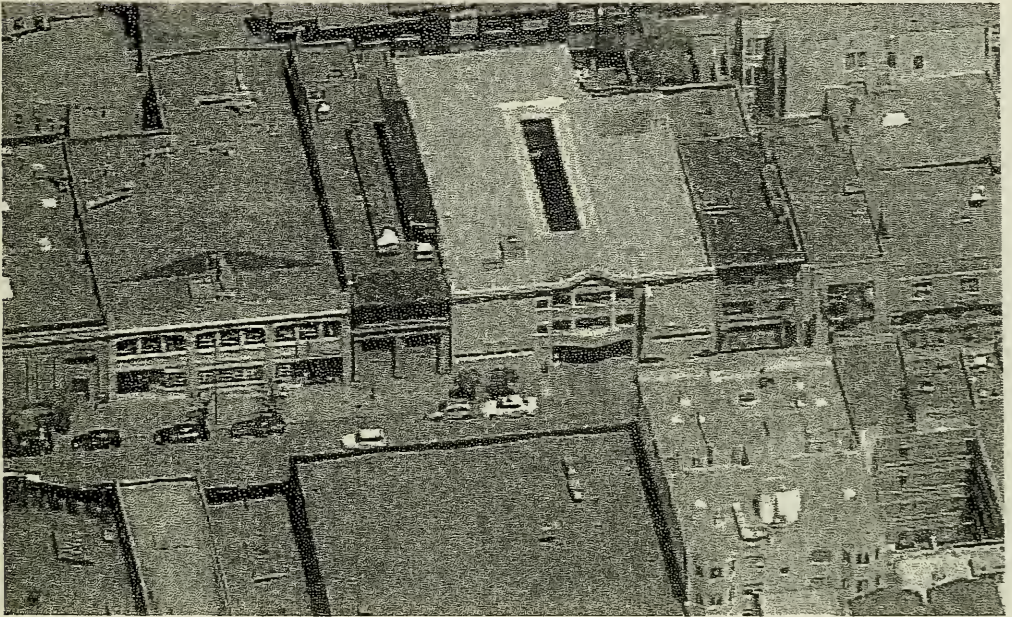
~~8 780,000~~
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\$ 2,000,000

L.Jacobson

Seismic upgrade:	Clifford 1995	(300,000)
Repairs and upgrade:	Clifford 1995	(120,000)
Asbestos removal:	Clifford 1995	(52,000)
ADA	Shindler	L.Jacobson (75,000)
		(547,000)

FIRE STATION 4

1648 Pacific Avenue



FIRE STATION 16 (Inactive)

909 Tennessee Street

Site:	SFFD Fire Station 16 (Inactive)
Block/Lot:	4108 / 1 (Portion)
Address:	909 Tennessee Street (at 20 th Street)
Dimensions:	50' x 100'
Neighborhood:	Dogpatch – Lower Potrero Hill
Site Area:	5,000 sq ft
Building Area:	6,113 sq ft
Jurisdiction:	SFFD
Zone:	M-2
H/L:	50'
Year of Construction:	1925
Year Closed:	1975
Structure:	Appears to be unreinforced brick structure
Other Deficiencies:	No ADA Asbestos removal

Highest and Best Use

- Live/Work
- Manufacturing

Value:	350,000- 450,000	L.Jacobson	
ADA:	Shindler	L.Jacobson	(60,000)
Asbestos:	Clifford 1995		(33,000)
Seismic upgrade:	Clifford 1995		(175,000)
Repairs and upgrade:	Clifford 1995		<u>(155,000)</u>
			(423,000)

FIRE STATION 16 (Inactive)

909 Tennessee Street



Item 3 - File 03-1517

Note: This item was continued by the Finance and Audits Committee at its meeting of October 8, 2003.

Department: San Francisco Fire Department
Department of Administrative Services, Real Estate Division (RED)

Item: Resolution approving and authorizing an agreement between the City and Martin McNerney Development, Inc., executed by the Director of Property on behalf of the City, for a sale to Martin McNerney Development, Inc. of a City-owned vacant eight story building with a basement, at the sales price of \$2,900,000. A Fire Station was previously located in a portion of the basement and on the first and second floors of the building and warehouse space was used on the upper six floors of the building; finding that competitive bidding is impractical or impossible; adopting findings pursuant to the California Environmental Quality Act; adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of this resolution.

Location: Assessor's Block No. 3704, Lot No. 006
418-420 Jessie Street, San Francisco

Purchaser: Martin McNerney Development, Inc.

Size of Land and Building: An eight story building with a basement consisting of 39,375 square feet on a 5,625 square foot parcel of land.

Sales Price: \$2,900,000, or approximately \$73.65 per square foot of building space (\$2,900,000 divided by 39,375 equals \$73.65), payable by Martin McNerney Development, Inc. These funds would accrue to the General Fund Reserve.

Description: Approval of the subject resolution would authorize the Director of Property, on behalf of the City, to sell the subject City-owned property located at 418-420 Jesse Street, consisting of an eight story building with a basement, consisting of 39,375 square foot on 5,625

square feet of land. Martin McNerney Development, Inc. would purchase the City-owned property for \$2,900,000.

Under the proposed resolution, the Board of Supervisors would concur with the Director of Property's finding that selling the subject City-owned property to Martin McNerney Development Inc., without first obtaining competitive bids, is in the best interest of the City because Martin McNerney Development Inc. is the only practical purchaser of the subject property. According to Mr. Ritter, Martin McNerney Development Inc. is the owner of the adjacent building used for market rate rental housing, located at 424 Jessie Street, and the upper six floors of the subject property can only be accessed through 424 Jessie Street.

The proposed resolution adopts the Planning Department's findings that the sale of the subject property does not require California Environmental Quality Act (CEQA) review and is consistent with the General Plan and the Eight Priority Policies of Planning Code Section 101.1.

Comments:

1. Mr. Larry Ritter of the Real Estate Division states that in 1926, Hale Brothers constructed, at no cost to the City, the subject eight story building on City-owned land located at 418-420 Jesse Street. According to Mr. Ritter, the City did not charge Hale Brothers for the land. Mr. Ritter advises that the City previously used the first two floors and a portion of the basement of the subject property for Fire Station 1. Hale Brothers and the City entered into a 20-year lease agreement. Under that lease agreement, Hale Brothers occupied the upper six floors of the City-owned building as lessee, with no rent being charged to Hale Brothers by the City. At the expiration of the 20-year lease, the City became the sole owner of the subject property. Mr. Ritter advises that after the 20-year lease with Hale Brothers expired in 1946, the City again leased the upper six floors to Hale Brothers and their successor in interest, the Lurie Company, for an additional 26 years until 1972. As of the writing of this report, Mr. Ritter could not provide the rents payable to the City by Hale Brothers and the Lurie Company between 1946 and 1972, for the upper six floors of the

subject property. According to Mr. Ritter, since 1972 the upper six floors have remained vacant. The first two floors of the subject property served as the City's Fire Station 1 until the building was damaged in the 1989 Loma Prieta earthquake, causing that Fire Station to be relocated from 418-420 Jessie Street to 676 Howard Street. According to Mr. Ritter, the subject building has been vacant since 1989, or for approximately 14 years.

2. According to Mr. Ritter, on February 19, 2003, an independent appraiser, Clifford Associates, retained by the Division of Real Estate, conducted an appraisal of the City-owned property at 418-420 Jesse Street. The appraiser valued the property at between \$2,500,000 to \$2,900,000. Mr. Ritter states that the proposed sales price of \$2,900,000 is consistent with the Real Estate Division's opinion of the highest fair market value of the subject City-owned property.

3. The independent appraisal report, prepared by Clifford Associates, states the following:

"Although its condition is rated to be fair, the property is highly adaptable for conversion to a variety of uses. Given that the adjoining properties are under the same ownership by the Martin Building Company [Martin McNerney Development, Inc.], it is believed this owner may be the most probable buyer of the subject property. Further, it is reported there is a pending application to place the subject [building] on the National Register of Historic Places. This could limit the adaptability of the subject [building] for conversion. However, use of the adjoining property, may provide the best and most efficient means to maximize the conversion potential of the subject property.

As described in the Attachment to this report provided by Mr. Ritter, the subject property was listed on the National Register of Historical Places in 2001, contrary to the appraiser's comments with respect to a "pending application." Ms. Venessa Henlon of the City Attorney's Office advises that the City and the potential purchaser, Martin McNerney Development, Inc. would have the same restrictions for the reuse of the subject property. Mr.

Patrick Banks of Martin McNerney Development Inc. advises that 424 Jessie Street is used for market rate rental housing and that Martin McNerney Development Inc. also plans to develop the subject 418-420 Jesse Street building for market rate rental housing on the upper six floors, with commercial and retail uses on the first and second floors.

5. The proposed resolution states that “it is in the City’s best interest to convey the Property directly to the Buyer, that the public interest or necessity demands, or will not be inconvenienced by the sale of the Property directly to the Buyer pursuant to the Sale Agreement, and that competitive bidding would be impractical or impossible.”

The attached memorandum from Mr. Ritter, Attachment I to this report, states that “Martin McNerney Development, Inc., (“Buyer”) the adjoining property owner, is the only practical buyer because access to the upper six floors, as well as a portion of the basement, can only be gained through the buyer’s adjacent building at 424 Jessie Street.”

6. The Finance and Audits Committee continued this item to explore the applicability of an ordinance (File No. 01-1498) previously approved by the Board of Supervisors in 2002, that added Chapter 23A to the Administrative Code to set the City’s policy for surplus and underutilized City-owned property. Chapter 23A states that the first priority for City-owned surplus and underutilized property is “the development of affordable housing for people who are Homeless.” In response to the Finance and Audits Committee’s inquiry concerning the applicability of Chapter 23A of the Administrative Code to the proposed subject sale of City-owned property, Mr. Steve Legnitto of the Real Estate Division, states in a memorandum dated October 2, 2003 (Attachment II) “that the subject property was reported on our surplus property listing as of May 30, 2003.” “We were directed by the Mayor’s Budget Office to negotiate a direct sale to the Martin Building Company.” The Budget Analyst notes that the proposed \$2.9 million in proceeds from the sale of the subject property have been included as a General Fund revenue to balance the FY 2003-2004 Fire Department budget.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

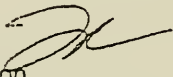
BOARD OF SUPERVISORS
BUDGET ANALYST



MEMORANDUM

September 17, 2003

TO: Elaine Forbes
Budget Analyst

FROM: Larry Ritter 
Real Estate Division

SUBJECT: 418-420 Jessie Street

Martin McNeerney Development, Inc., ("Buyer") the adjoining property owner, is the only practical buyer because access to the upper six floors, as well as a portion of the basement, can only be gained through the buyer's adjacent building at 424 Jessie Street. There are no structural walls between the upper floors and basement of the two buildings. In addition, the sprinklers for the upper floors currently connect with and are part of the sprinkler system and pump in the adjacent building. Electrical service and other utility connections for the upper floors and basement originate from the adjoining property, as well. The adjoining property owner is the most practical buyer and can pay the highest price for the subject property since they can realized the maximum efficiency of development. The estimated cost to construct stairways and an elevator in the City building is \$500,000 \pm .

The independent appraiser's conclusion of value ranged from \$2.5M to \$2.9M, assuming the property was re-zoned from "P" (Public Use) to C-3-G. The \$2.9M is attributable to a sale to the adjoining owner.

Contrary to John Clifford's comment in his appraisal report that there is an application pending to grant the subject property historical status, the property was granted historical status in 2001 and listed on the National Register of Historical Places, along with the buildings on either side (see City Planning letter attached). The appraisal assumes the property would be granted historical status.

The historical status of the Martin Building Company's building on the easterly side of the City property did not limit its adaptability for conversion. It was recently converted from industrial to a commercial/residential loft project.

The adjacent property owner is the only practical buyer in our opinion for the following reasons:

- 1) In marketing the property access to the upper six floors would not be available, unless the adjacent owner allowed potential buyers access through their building.
- 2) If a public auction sale were held with a minimum bid of \$2.9M, it is our opinion the property would not sell unless the adjacent owner bid. Only the adjacent owner would pay the highest value.
- 3) If a public auction sale were held with a minimum bid of \$2.5M, it is also our opinion that the property would not sell, unless the adjacent owner bid, due to:
 - a) \$500,000 ± required to construct a stairwell and elevator.
 - b) Significant seismic retrofit cost.
 - c) Historical status of the building (Martin McNerney Development, Inc. has significant experience in renovating historic structures).



Steve Legnitto
Deputy Director

October 2, 2003

Harvey Rose
Budget Analyst
1390 Market Street, Room 1025
San Francisco, CA 94102
Attention: Elaine Forbes

RE: Board of Supervisors' File 031517 418-420 Jessie Street

Dear Ms. Forbes:

In regard to your question about compliance with City and County of San Francisco Surplus Property Ordinance 227-02, please be advised that the subject property (418-420 Jessie Street) was reported on our surplus property listing as of May 30, 2003 (page 54). Its status was noted as "Surplus," "Vacant," and "Underutilized."

In addition to our report, we had advised the Mayor's Office of Homelessness, Mayor's Office of Housing, Housing Authority, and Redevelopment Agency of its availability.

We were directed by the Mayor's Budget Office to negotiate a direct sale to the Martin Building Company. As you know, approval of this sale is a policy decision for the Board of Supervisors and the Mayor.

The Real Estate Division wishes to restate that we recommend approval of the proposed transaction.

Sincerely,

A handwritten signature in black ink that reads "Steve Legnitto".

Steve Legnitto
Deputy Director

Item 4 - File 03-1514

- Department:** Department of Public Works (DPW)
Mayor's Office of Community Development (MOCD)
- Item:** Resolution authorizing the transfer of funds and management oversight from the Department of Public Works to the Mayor's Office of Community Development.
- Description:** The proposed resolution would transfer from the DPW to the MOCD the management and oversight authority for two accessibility upgrade projects, the Silver Avenue Family Health Center Project (1525 Silver Avenue) and the Ocean Park Health Center Project (1351 24th Avenue).
- The proposed resolution would also authorize a transfer of \$475,000 of bond and grant funds (previously work-ordered from the Mayor's Office of Disability and the Department of Public Health to the DPW) from the DPW to the MOCD for the Silver Avenue Family Health Center Accessibility Upgrade Project and Ocean Park Health Center Accessibility Upgrade Project (see Comment No. 3).
- Comments:** 1. Attachment I to this report, provided by Ms. Anna Yee of the MOCD, provides background information related to this proposed resolution as well as a description for the Silver Avenue Family Health Center and Ocean Park Health Center accessibility upgrade projects.
- According to Ms. Yee and as described in Attachment I,
- “A MOCD grantee [3rd Street Economic Development Corporation] made a transaction without MOCD or HUD approval. The ineligible transaction generated program income for a total project worth of \$475,000. HUD requires that the City account for the \$475,000 by identifying and adding to our Annual Action Plan \$475,000 worth of ‘CDBG-eligible’ projects from non-CDBG sources.”
- Ms. Yee advises that the MOCD has identified \$475,000 of previously approved City expenditures, allocated to the Silver Avenue Family Health Center and the Ocean Park

Health Center Accessibility Upgrade Projects, as noted above, that are CDBG eligible in order to avoid a \$475,000 payment from the City to HUD, for the ineligible transaction described above.

2. Mr. Roger Wong of the DPW advises that the DPW is the project manager for the Silver Avenue Family Health Center Project and Ocean Park Health Center Project. Attachment II to this report, provided by Mr. Wong, shows the total budget and funding sources for the Projects. As shown in Attachment II, these Projects are funded by bond and grant funds totaling \$1,384,400 and \$817,908 for the Silver Avenue Family Health Center and Ocean Park Health Center Project accessibility upgrade projects respectively. Mr. Wong states that these accessibility upgrade projects are scheduled to be completed in the Spring of 2005. Ms. Yee states that DPW would continue to act a project manager for the accessibility upgrades for the Silver Avenue Family Health Center Project and the Ocean Park Health Center Project.

3. As previously noted, the proposed resolution would authorize the transfer of funds from DPW to MOCD. However, Ms. Yee reports in Attachment I, that MOCD does not require such a transfer of funds. Therefore, the Budget Analyst recommends that the proposed resolution be amended to delete "of funds" from line 3 and line 14 so that the resolution would read "authorizing transfer of management oversight from the Department of Public Works to the Mayor's Office of Community Development".

4. Ms. Yee reports in Attachment I that there is a possibility of pending litigation by the City against the non-profit organization that made an ineligible transaction without MOCD or HUD approval. Mr. Roger Sanders of the MOCD identified the non-profit organization as the 3rd Street Economic Development Corporation.

- Recommendations:**
1. In accordance with Comment No. 3, delete "of funds" from line 3 and line 14 of the proposed resolution.
 2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

TO: Harvey Rose, Budget Analyst
 FROM: Anna Yee, MOCD
 DATE: October 16, 2003

RE: Responses to questions from the Budget Analyst related to the resolution authorizing the transfer of funds and management oversight from DPW to the MOCD.

1. Why is this matter going before the Board? Explanation of transaction.

A MOCD grantee made a transaction without MOCD or HUD approval. The ineligible transaction generated program income for a total project worth of \$475,000. HUD requires that the City account for the \$475,000 by identifying and adding to our Annual Action Plan \$475,000 worth of "CDBG-eligible" projects from non-CDBG sources. Board of Supervisor action is necessary because it authorizes MOCD to be responsible to report on project results to HUD.

Importantly, the newly identified projects are already part of the City budget and not an additional cost to the City.

2. What else is there to say?

These two projects are part of a resolution to a legal problem that would satisfy HUD. What we can't talk about is the possibility of pending litigation by the City against the non-profit organization.

3. Why do we need to transfer funds?

We don't. MOCD is not requesting or requiring it.

4. Project descriptions:

Silver Avenue includes the following work:

- Renovation of restrooms
- Installation of visual alarms

Ocean Park includes the following work

Replace drinking fountains, provide interior accessibility signage, exterior signage, rebuild service counter, door knobs; regrade ramp; provide hand rails, elevator, accessible pay phone, new doors, accessible, lavatories in exam rooms, new lamp and blue zone parking, new grating, talking signs at entrance, new ramp and striping; modify restrooms

Budget and Fund Source Summary				
Facilities	Fund Source	Budget	Remarks	
Silver Avenue Health Center	DPH fund bond funds	831,400	Seismic / architectural	
	MOD grant fund	<u>553,000</u>		
	total	1,384,400		
Ocean Park Health Center	DPH bond funds	298,501	HVAC work	
	MOD grant funds	<u>519,407</u>		
	total	817,908		

Item 5 – File 03-1538

Department: Airport

Item: Resolution approving the Controller's certification that Employee Parking Management Services for San Francisco International Airport can continue to be practically performed by private contractor at a lower cost than if work were performed by City employees at budgeted levels.

Services to be Performed: Employee parking management services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the Airport's employee parking management services for FY 2003-2004 would result in the estimated savings as follows:

	Low Salary Step	High Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$1,660,973	\$1,965,935
Fringe Benefits	<u>392,158</u>	<u>416,455</u>
Total	\$2,053,130*	\$2,382,390
 <u>Contractual Services Costs</u>	 <u>1,454,505</u>	 <u>1,458,482</u>
 <u>Estimated Savings</u>	 <u>\$598,625</u>	 <u>\$923,907*</u>

*Rounded

Comments: 1. Employee parking management services include the operation and management of employee parking facilities at the Airport, including security guard services and janitorial services, according to Ms. Vicki Sundstrom of the Airport. Ms. Sundstrom advises that employee

BOARD OF SUPERVISORS
BUDGET ANALYST

parking facilities serve employees of the Airport, airlines and other firms conducting business at the Airport.

2. Ms. Sundstrom reports that employee parking management services at the Airport were first certified as required by Proposition J (Charter Section 10.104.15) in FY 1980-81 and have been continuously provided by an outside contractor since that time. Ms. Sundstrom advises that employee parking management services have been contracted out separately from public parking management services since Fiscal Year 1999-2000.

3. The Contractual Services Costs used for the purpose of this analysis are based on the Airport's estimate of the Fiscal Year 2003-2004 contractual costs for employee parking management services.

4. Ms. Sundstrom advises that the initial contract period with Pacific Park Management began on January 3, 2002 and extended, for one year, until January 2, 2003. Under the provisions of the contract with Pacific Park Management, the Airport and Pacific Park Management exercised the first of four one-year options to extend and the current one-year contract period will terminate on January 2, 2004.

5. The Controller's supplemental questionnaire, with the Department's responses, is included in the Attachment to this report.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

Department: Airport Commission
Contract Services: Employee Automobile Parking
Contract Period: July 1, 2003 to June 30, 2004

1. Who performed the activity/service prior to contracting out?
This service has always been contracted out, it has never been operated by City personnel.
2. How many City employees were laid off as a result of contracting out?
None
3. Explain the disposition of employees if they were not laid off.
N/A
4. What percentage of City employees' time is spent on services to be contracted out?
N/A
5. How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
Services have been contracted for Employee Parking since fiscal year 1999/2000, it is likely to remain contracted out.
6. What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?
The first fiscal year for a Proposition J certification was 1999/2000. Yes, it has been certified for each subsequent year
7. How will the services meet the goals of your MBE/WBE Action Plan?
The contract required 15% MBE and 3% WBE participation. Pacific Park Management is a certified MBE/SBE Company employing certified MBE and WBE subcontractors for Janitorial and Security to meeting the subcontracting goals.
8. Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?
The contractor provides health insurance for its employees.
9. Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic partners ordinance?
Pacifica Park Management is in compliance with the Domestic Partners Ordinance.
10. Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?
The contractor does comply with the provisions of the Minimum Compensation Ordinance.

Department Representative: Vicki Sundstrom, Parking Management

Telephone Number: (650) 821-4056

Item 6 - File 03-1539

Department: Airport

Item: Resolution approving the Controller's certification that Airport Public Parking Facility Management Services for the San Francisco International Airport can continue to be practically performed by a private contractor at a lower cost than if the work were performed by City employees at budgeted levels.

Services to be Performed: Airport Public Parking Facility Management Services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employee.

The Controller has determined that contracting for the Airport's public parking facility management services for FY 2003-2004 would result in estimated savings as follows:

	<u>Low</u>	<u>High</u>
<u>City-Operated Service Costs</u>		
Parking & Taxicab		
Operations & Management	\$8,620,446	\$9,971,539
Security Control	2,977,520	3,455,271
Janitorial Services	<u>1,354,471</u>	<u>1,567,468</u>
Total	\$12,952,437	\$14,994,278
 <u>Contractual Services Costs</u>	 <u>12,285,864</u>	 <u>12,295,448</u>
 <u>Estimated Savings</u>	 <u>\$666,573</u>	 <u>\$2,698,830</u>

Comments: 1. According to Ms. Vicki Sundstrom of the Airport, public parking facility management services are provided at the Airport's four public parking facilities. According to Ms. Sundstrom, such services include day-to-day operations

BOARD OF SUPERVISORS
BUDGET ANALYST

and management of these four facilities, including staffing, cashiering, customer services, and equipment maintenance, as well as providing janitorial and security services for these facilities.

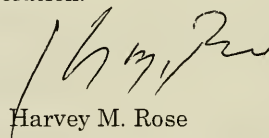
2. Ms. Sundstrom reports that public parking facility management services at the Airport were first certified as required by Proposition J (Charter Section 10.104.15) in FY 1980-81 and have been continuously provided by an outside contractor since that time. Ms. Sundstrom advises that employee parking management services have been contracted out separately from public parking management services since Fiscal Year 1999-2000.

3. The Contractual Services Costs used for the purpose of this analysis are based on the Airport's estimate of the FY 2003-2004 contractual costs for public parking facilities management services

4. Ms. Sundstrom advises that the initial contract period with AMPCO began on January 3, 2002 and extended, for one year, until January 2, 2003. Under the provisions of the contract with AMPCO, the Airport and AMPCO exercised the first of four one-year options to extend and the current one-year contract period will terminate on January 2, 2004.

5. The Controller's supplemental questionnaire, with the Department's responses, is included in the Attachment to this report.

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Sandoval
Supervisor McGoldrick
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

Department: Airport Commission
Contract Services: Public Automobile Parking
Contract Period: July 1, 2003 to June 30, 2004

1. Who performed the activity/service prior to contracting out?
This service has always been contracted out, it has never been operated by City personnel.
2. How many City employees were laid off as a result of contracting out?
None
3. Explain the disposition of employees if they were not laid off.
N/A
4. What percentage of City employees' time is spent on services to be contracted out?
N/A
5. How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
Services have been contracted out since October 16, 1971, it is likely to remain contracted out.
6. What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?
Yes, it has been certified each year since Fiscal Year 1980/81.
7. How will the services meet the goals of your MBE/WBE Action Plan?
The contract requires a 15% combined goal MBE/WBE participation. AMPCO System Parking has met this goal by subcontracting Audit Staff management and Valet Parking Management operations to a certified MBE firm.
8. Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?
The contractor does provides health insurance for its employees.
9. Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic partners ordinance?
The contractor is in compliance with the Domestic Partners Ordinance.
10. Does the proposed contractor pay meet the provisions of the Minimum Compensation Ordinance?
The contractor does comply with the provisions of the Minimum Compensation Ordinance.

Department Representative: Vicki Sundstrom, Parking Management

Telephone Number: (650) 821-4056



City and County of San Francisco

Meeting Agenda

Finance and Audits Committee

[All Committees]

Government Document Section

Main Library

Members: Aaron Peskin, Gerardo Sandoval and Jake McGowanick

Clerk: Linda Laws

Wednesday, October 29, 2003

1:30 PM

City Hall, Room 263

Rescheduled Meeting

NOTICE IS HEREBY GIVEN that the regularly scheduled meeting of the Finance and Audits Committee on Wednesday, October 29, 2003, at 12:30 p.m. HAS BEEN RESCHEDULED TO Wednesday, October 29, 2003, at 1:30 p.m. and will be held in Room 263, Second Floor, City Hall.

Note: Each item on the Consent or Regular agenda may include the following documents:

- 1) Legislation
- 2) Budget Analyst report
- 3) Legislative Analyst report
- 4) Department or Agency cover letter and/or report
- 5) Public correspondence

These items will be available for review at City Hall, Room 244, Reception Desk.

Each member of the public will be allotted the same maximum number of minutes to speak as set by the Chair at the beginning of each item, excluding City representatives, except that public speakers using translation assistance will be allowed to testify for twice the amount of the public testimony time limit. If simultaneous translation services are used, speakers will be governed by the public testimony time limit applied to speakers not requesting translation assistance.

AGENDA CHANGES

DOCUMENTS DEPT.

OCT 24 2003

REGULAR AGENDA

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10-24-03A10:08 RCVD

1. 031657 [Appropriate funding for the construction of Octavia Boulevard]
Supervisor Dufty

Ordinance appropriating \$12,903,999 from the land sales to the San Francisco Redevelopment Agency and \$1,106,631 in lease revenues from the Central Freeway land parcels for a total of \$14,010,630 to fund the construction of Octavia Boulevard and related ancillary projects for the Department of Public Works for fiscal year 2003-04. (Mayor)

(Fiscal impact; No Public Benefit Recipient.)

9/30/03, RECEIVED AND ASSIGNED to Finance and Audits Committee

2. 031643 [License Agreement with Broadcast Music Incorporated]
Ordinance authorizing the City Administrator to enter into the Local Government Licensing Agreement negotiated between the International Municipal Lawyer's Association and Broadcast Music Incorporated to license music uses by the City under a license subject to automatic annual renewal for an annual Base License Fee plus 1% of revenue from events in which gross revenue exceeds \$25,000. (City Administrator)

(No Public Benefit Recipient.)

9/29/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

10/22/03, CONTINUED. Heard in Committee. Speakers: William Lee, City Administrator; Ted Lakey and Sara Ellen Owsowitz, Deputy City Attorneys.

Continued to 10/29/03.

3. 031696 [Lease of Property]
Resolution authorizing a 25-year Lease of San Francisco Public Utilities Land between the City and County of San Francisco and Sunol Valley Golf & Recreation Co., in Alameda County. (Public Utilities Commission)

(Public Benefit Recipient.)

10/1/03, RECEIVED AND ASSIGNED to Finance and Audits Committee.

ADJOURNMENT

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceedings begin, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to: Committee Clerk of the Finance and Audits Committee, San Francisco Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above

LEGISLATION UNDER THE 30-DAY RULE

(Not to be considered at this meeting)

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

031747 [Revising permit fee and planning review surcharges applicable to permits and review activities subject to review by the Board of Appeals]

Supervisor Peskin

Ordinance amending the Administrative Code by amending Section 10G.1 to correct erroneous Planning and Building Code citations, revising permit surcharges on permits issued by the Department of Building Inspection, the Taxi Commission, the Police Department and the Department of Public Works permits where such permits are subject to appeal before the Board of Appeals, revising the surcharge on fees imposed by the Planning Department for review of permits where such permits are subject to appeal before the Board of Appeals, and making environmental findings.

10/21/03, ASSIGNED UNDER 30 DAY RULE to Finance and Audits Committee, expires on 11/20/2003.

Meeting Procedures

The Board of Supervisors is the Legislative Body of the City and County of San Francisco. The Board has several standing Committees where ordinances and resolutions are the subject of hearings at which members of the public are urged to testify. The full Board does not hold a second public hearing on measures which have been heard in committee.

Board procedures do not permit: 1) persons in the audience at a Committee meeting to vocally express support or opposition to statements by Supervisors or by other persons testifying; 2) ringing and use of cell phones, pagers, and similar sound-producing electronic devices; 3) signs to be brought into the meeting or displayed in the room; 4) standing in the meeting room.

Citizens are encouraged to testify at Committee meetings and to write letters to the Clerk of a Committee or to its members, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

Agenda are available on the internet at www.sfgov.org/bdsupvrs.bos.htm.

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AVISO EN ESPAÑOL: La solicitud para un traductor en una reunion debe recibirse antes de mediodia de el viernes anterior a la reunion. Llame a Erasmo Vazquez (415) 554-4909.

翻譯 必須在會議前最少四十八小時提出要求
請電 (415) 554-7701

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- For American Sign Language interpreters or use of a reader during a meeting, contact Ohn Myint at (415) 554-7704.
- For a large print copy of agenda or minutes in alternative formats, contact Annette Lonich at (415) 554-7706.
- Assistive listening devices are available from the receptionist in the Clerk of the Board's Office, Room 244, prior to the meeting.
- The Clerk of the Board's Office TTY number is (415) 554-5227.

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Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code Sec. 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site www.sfgov.org/ethics

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 23, 2003

TO: Finance and Audits Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

OCT 27 2003

SUBJECT: October 29, 2003 Finance and Audits Committee Meeting

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Item 1 - File 03-1657

Note: The Budget Analyst has been advised that an Amendment of the Whole will be introduced at the October 29, 2003 Finance and Audits Committee meeting. This report reflects the Amendment of the Whole.

Department: Department of Public Works (DPW)
San Francisco Redevelopment Agency (SFRA)
San Francisco County Transportation Authority (TA)

Item: Ordinance appropriating \$14,010,630 to the Department of Public Works (DPW) to fund the construction of Octavia Boulevard and related ancillary projects for the Central Freeway Replacement Project (the Project) and creating a Octavia Boulevard Special Fund.

Amount: \$14,010,630

Source of Funds:	Sales proceeds from the SFRA for the sale of City-owned Central Freeway land parcels	\$12,903,999
	Lease revenues from the City-owned Central Freeway land parcels	<u>1,106,631</u>
	Total	\$14,010,630

**Octavia Boulevard
Special Fund:**

The proposed ordinance would create the Octavia Boulevard Special Fund. All revenues from the sale and lease of City-owned Central Freeway parcels, and any other revenues, such as grants or gifts, received by the City for the Central Freeway Replacement Project would be deposited to this Fund, and all expenditures from the Fund would be subject to appropriation approval by the Board of Supervisors. The proposed ordinance specifies that the Octavia Boulevard Special Fund would be used solely for the Central Freeway Replacement Project

Project Description:

The Central Freeway Replacement Project (the Project) involves replacing the Central Freeway, Route 101, which was damaged in the 1989 Loma Prieta earthquake, with a ground-level boulevard along Octavia Street and a new four-lane roadway between Mission and Market Streets. According to Ms. Amy Brown of the City Attorney's Office, in 1999, the State Legislature adopted a statute that authorized the transfer of title from the State to the City of the parcels of land between Market Street and Turk Street which were formerly used for the Central Freeway, Route 101.

Attachment I, provided by Ms. Tina Olson of the DPW, contains a list and description of the parcels, including the parcel locations, the date such parcels were transferred from the State (Caltrans) to the City and the sale and lease proceeds from these parcels to date. Ms. Brown advises that the City is authorized to use the proceeds from the sale and lease of these parcels for the Project in accordance with Senate Bill 798, codified in California Streets and Highway Code Section 72.1, and in Article XIX of the California Constitution. Ms Brown advises that SB 798 requires that the City use all proceeds from the sale or lease of these parcels to design, construct, develop, and maintain the Project until the City's share of the costs of the Project are paid in full or funded from other sources.

As shown in Attachment I, the revenues realized to date from the sales of such parcels totals \$7,534,875 and revenues realized from the lease of such parcels totals

\$58,406. The requested \$14,010,630 from the sale and lease of City-owned Central Freeway parcels has been certified by the Controller and is projected to be realized by the City between November 2003 and May 2005.

The Project Construction Budget and Related Costs are as follows:

Sources of Funds

Previously Appropriated Fund	\$3,137,326
Proposed Supplemental Appropriation	14,010,630
Loan from the San Francisco Transportation Authority	<u>2,049,537</u>
Total	\$ 19,197,493

Uses of Funds

Octavia Blvd Construction Contract	\$11,365,550
10% Contingency	1,136,555
Project Management – DPW	351,799
Project Management – TA	101,510
Land Sales Management – MOED, City Attorney's Office, and Real Estate Division	276,741
Traffic Management Plan – DPT and DPW	1,893,736
Public Art – Arts Commission	212,311
Archaeology Consultant – competitive award in August 2003	1,200,000
Construction Management – to be awarded in November 2003	1,599,792
Design Support – DPW	423,593
TA Costs through October 1, 2003	<u>635,906</u>
Total	\$19,197,493

The total estimated project costs, including construction, design and other related costs, is \$44,794,000, according to Ms. Olson.

Comments:

1. Attachment II to this report, provided by Ms. Olson, shows a breakdown of the estimated projected construction costs and related expenses described above, including hours and hourly rates of the consultants.

2. Ms. Olson states that DPW issued a request for competitive bids for the construction contract for the Project on September 18, 2003 and intends to award the construction contract in November of 2003. Ms. Olson reports that construction is anticipated to be completed by May of 2005. Ms. Olson advises that the majority of land parcels owned by the City will not be sold until the Project is completed in May of 2005 because the construction of the Project itself will increase the sales value of the parcels significantly.

3. Attachment III identifies land sales of \$14,031,500, of which \$12,903,999 would be appropriated under the subject ordinance and Attachment IV identifies the lease revenues of \$1,106,631 to be appropriated under the subject ordinance. The \$12,903,999 in land sales and the \$1,106,631 in lease revenues totals the subject request of \$14,010,630. The Budget Analyst notes that 10 of the 11 leases are in a month-to-month basis.

Attachment V to this report, provided by Ms. Olson explains that a loan of up to \$8,000,000 from the San Francisco Transportation Authority would be utilized if some of the projected land sales and lease revenues were not realized.

4. According to Mr. Todd Rydstrom of the Controller's Office, the Controller has certified the requested land sale proceeds from the SFRA and the lease revenues, totalling \$14,010,630.

Recommendation: Approve of the proposed ordinance.

Parcel Name	Location	Area (Sq Ft)	Monthl y Rent	Lessee	Appraised Value	Sale Value	Estimated Value	When Sold	To Whom	Notes
A	SF corner Turk & Gough	16,500	\$1,500	SFRA	2,887,500	2,887,500	2,887,500	3/22/02	SFRA's 02/03 budget	
A1	St between Franklin & Gough	1,810		Car Park Mgmt Corp	162,500	270,000	270,000	5/10/02	Lynch	This parcel will be exchanged for DOF 1-4 No Value (\$1,770,000)
B	Mid-Block N. Golden Gate between Franklin & Gough Sts	12,642	4,200	Corp						
B1	Mid-Block So. Elm St. between Franklin & Gough	1,160		Federal SW corner of Golden gate Ave & Franklin St.	2,890,000	2,887,500	2,887,500	3/22/02	SFRA 02/03	Cash to be transferred upon need
C	Mid-block N. McAllister St between Franklin & Gough Sts with frontage on Franklin St	10,937			1,170,000	1,100,000	1,100,000	Apr-03	Giannini	Buyer had a long term lease, which reduced the parcel value
D	Mid-block S. McAllister St between Franklin & Gough Sts with frontage on Franklin St	28,394	4,997	SFUSD						
E	Fulton & Gough	27,289	7,750	SF Opera		4,100,000				The SFUSD has a long term lease which makes this parcel unsalable
F/DOF 3-4 Sts	Fulton & Gough	19,242	5,400	SF Opera		2,886,300			SFRA's 02/03 budget	
G/DOF 1 St	NW corner of Grove & Gough			Tower Valet						adjacent Prop. Owner to create two new parcels rotated to give better main street frontage. Brown paid \$200,000 for increased street frontage
H	Sts between Grove & Gough	NA	5,000	Parking	200,000	200,000	200,000	1/22/03	Brown	
H(Prime)	Grove & Gough	11,269			1,600,000					
I/DOF 2	Sts with frontage on Ivy	22,398	5,600	Parking (DBI)		3,140,000				
J	Hayes St between Franklin & Gough	17,398	6,400	SF Sympho ny	2,440,000					
K	St with frontage on Linden	11,430					1,543,000		SFRA's 02/03 budget	
L	S. Hayes St 120 25' fr east of Octavia	59			7,375	7,375		1/29/02	Goldstein	

Parcel Name	Location	Area (Sq Ft)	Monthly Rent	Lessee	Appraised Value	Sale Value	Estimated Value	When Sold	To Whom	Notes
K2	East of Octavia St	980	2,880	Parking (DBI)	182,500	182,500		6/30/03	Colvin	
L	E. Octavia St with frontages on Fell & Linden Sts	4,579					687,000			
M	E. Octavia St with frontages on Fell & Hickory Sts	1,830								15' wide parcel, assume no value
N	Hickory & Oak Sts	1,830								15' wide parcel, assume no value
O	block with frontages on Fell, Laguna & Hickory Sts	37,427					5,053,000		SFRA's 04/05 budget	
P	Entire block bounded by Laguna/Octavia & Hickory/Fell Sts	49,500	3,880	French-America n School			6,683,000			
R	SW corner of Oak & Octavia Sts	4,650					628,000		SFRA's 04/05 budget	
R	E. Octavia St with frontages on Oak & Lily Sts	2,790					377,000			
S	E. Octavia St with frontages on Lily and Page Sts	2,970					401,000			
T	E. Octavia St with frontages on Page and Rose Sts	5,502					743,000			
U	E. Octavia St with frontages on Rose and Haight Sts	5,502					743,000		SFRA's 03/04 budget	
V	frontages on Haight & Market Sts	12,244					1,653,000			

Total Monthly Rent 58,406 Sales to Date 7,534,875

Total Estimated Land Sales 36,138,900
Total SFRA 16,628,300
Total SFRA cash Rec 2,887,500
Balance Due When Required 11,740,800

Octavia Blvd. Improvement Project - Construction Phase

PROJECT MANAGEMENT

DPW-BOE Project Management

Title	Class. No.	Hrly Rate	Hrs	Totals
Project Manager II	5504	\$ 132	1650	\$ 217,528
Associate Civil Engineer	5207	\$ 106	1080	\$ 114,876
Secretary	1446	\$ 65	300	\$ 19,395
TOTAL			3,030	\$ 351,799

SFCTA Administration

Title	Class. No.	Hrly Rate	Hrs	Totals
Manager of Capital Projects				\$ 101,510
TOTAL				\$ 101,510

LAND MANAGEMENT

Land Management

Title	Class. No.	Hrly Rate	Hrs	Totals
MOED				\$ 39,241
Department of Real Estate				\$ 112,500
City Attorney's Office				\$ 125,000
TOTAL				\$ 276,741

TRAFFIC MANAGEMENT PLAN

Traffic Management Plan

Title	Class. No.	Hrly Rate	Hrs	Totals
DPW - Public Affairs Officer	1314	\$ 87	630	\$ 55,000
PCOs				\$ 1,427,001
DPT Prep.: Design Review Plans				\$ 20,455
Public Information Program (Systan Consultant)				\$ 275,000
Operational Changes				\$ 63,333
DPT Design & Construction Support				\$ 40,672
DPT Measures during construction				\$ 12,275
TOTAL			630	\$ 1,893,736

CONSTRUCTION CONTRACT

Construction Contract

Title	Class. No.	Hrly Rate	Hrs	Totals
Construction Contract				\$ 11,365,550
10% Contingency				\$ 1,136,555
TOTAL				\$ 12,502,105

PUBLIC ART

Public Art

Title	Class. No.	Hrly Rate	Hrs	Totals
Arts Commission				\$ 212,311
TOTAL				\$ 212,311

ARCHAEOLOGY

Archaeology

Title	Class. No.	Hrly Rate	Hrs	Totals
Consultant - Fulgro West				\$ 1,200,000
TOTAL				\$ 1,200,000

CONSTRUCTION MANAGEMENT

Construction Management & Inspection

Title	Class. No.	Hrly Rate	Hrs	Totals
Full Engineer	5241	\$ 121	3375	\$ 407,320
Associate Engineer	5207	\$ 104	3375	\$ 351,849
Construction Inspector	6318	\$ 93	3375	\$ 314,613
Senior Engineer	5211	\$ 140	1037	\$ 144,909
TOTAL			11,162	\$ 1,218,792

Site Assessment Remediation

Title	Class. No.	Hrly Rate	Hrs	Totals
Engineer	5241	\$ 121	1168	\$ 141,000
TOTAL			1,168	\$ 141,000

Materials Testing Lab

Title	Class. No.	Hrly Rate	Hrs	Totals
Materials Testing Tech.	5305	\$ 68	2199	\$ 150,000
TOTAL			2,199	\$ 150,000

Prevailing Wage Monitoring

Title	Class. No.	Hrly Rate	Hrs	Totals
Mgr. Regulatory Affair	9398	\$ 121	413	\$ 50,000
TOTAL			413	\$ 50,000

Survey

Title	Class. No.	Hrly Rate	Hrs	Totals
Survey Associate	5314	\$ 90	446	\$ 40,000
TOTAL			446	\$ 40,000

DESIGN SUPPORT DURING CONSTRUCTION

DPW - Streets and Highways

Title	Class. No.	Hrly Rate	Hrs	Totals
Engineer	5241	\$ 121	1064	\$ 128,400
TOTAL			1,064	\$ 128,400

DPW - Landscape Architecture

Title	Class. No.	Hrly Rate	Hrs	Totals
Landscape Architect	5274	\$ 121	718	\$ 86,650
TOTAL			718	\$ 86,650

DPW - Electrical

Title	Class. No.	Hrly Rate	Hrs	Totals
Associate Engineer	5207	\$ 104	269	\$ 28,000
TOTAL			269	\$ 28,000

DPW - Hydraulics

Title	Class. No.	Hrly Rate	Hrs	Totals
Associate Engineer	5207	\$ 104	319	\$ 33,315
TOTAL			319	\$ 33,315

Department of Parking and Traffic

Title	Class. No.	Hrly Rate	Hrs	Totals
Associate Engineer	5207	\$ 104	1078	\$ 112,428
TOTAL			1,078	\$ 112,428

SF Water Department

<u>Title</u>	<u>Class. No.</u>	<u>Hrly Rate</u>	<u>Hrs</u>	<u>Totals</u>
Associate Engineer	5207	\$ 104	257	\$ 26,800
TOTAL			257	\$ 26,800

Muni

<u>Title</u>	<u>Class. No.</u>	<u>Hrly Rate</u>	<u>Hrs</u>	<u>Totals</u>
Associate Engineer	5207	\$ 104	77	\$ 8,000
TOTAL			77	\$ 8,000

TA Costs through October 1, 2003 \$ 635,906

Grand Total \$ 19,197,493

Summary of Octavia Blvd Land Sale Revenue Assumptions for Supplemental Appropriation

SFRA Purchase of Parcel C (funds in SFRA's FY 02-03 budget)	\$2,887,500
SFRA Purchase of Parcel G/DOF1 (funds in SFRA's FY 02-03 budget)	2,890,000
SFRA Purchase of Parcel K (funds in SFRA's FY 02-03 budget)	1,830,000
SFRA Purchase of Parcel O (FY 04-05)*	5,053,000
SFRA Purchase of Parcel Q (FY 04-05)*	628,000
SFRA Purchase of Parcel U (FY 04-05)*	<u>743,000</u>

Total Estimated Land Sale Revenues	\$14,031,500
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Less Amount Included in Existing Appropriations	\$1,127,501
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Net to be Appropriated - Supplemental Appropriation	\$12,903,999
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* Old estimates but latest appraisals in the area have been greater than the old appraisals.

Summary of Monthly Lease Revenues from Octavia Blvd

Parcel	Lease	Date Lease Began	Lease Term	Monthly Rent	Projected thru 30-May-05	Notes
A	SFRA		Mo-Mo	1,500	22,500	Lease Revenues will end January 2005 (15 mos of revs)
B	Car Park Management Copr		Mo-Mo	4,200	84,000	20 months of revs
C	Federal Auto Parks		Mo-Mo	10,799	161,985	Lease Revenues will end January 2005 (15 mos of revs)
E	SFUSD		50 yrs	4,997	99,946	20 months of revs
F	SF Opera		Mo-Mo	7,750	155,000	20 months of revs
G	SF Opera		Mo-Mo	5,400	108,000	20 months of revs
H	Tower Valet Parking Inc		Mo-Mo	5,000	100,000	20 months of revs
I	Parking City-owned (DBI)	Commenced 6/09/03	Mo-Mo	5,600	112,000	20 months of revs
J	SF Symphony		Mo-Mo	6,400	128,000	20 months of revs
K	Parking City-owned (DBI)	Commenced 6/09/03	Mo-Mo	2,880	57,600	20 months of revs
P	French-American Intl School		Mo-Mo	3,880	77,600	20 months of revs
Totals				58,406	1,106,631	
Average Monthly thru May 30, 2005					55,332	



Willie Lewis Brown, Jr., Mayor
Edwin M. Lee, Director



Phone: (415) 554-6920
Fax: (415) 554-6944
TDD: (415) 554-6900
<http://www.sfdpw.com>

Department of Public Works
Finance and Budget Division
City Hall, Room 340
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4645
Tina Olson, Division Manager

MEMORANDUM

Date: October 20, 2003

To: Elaine Forbes, Budget Analyst's Office

From: Tina Olson, DPW *Tina Olson*

Subject: Octavia Blvd Supplemental Appropriation – Lease Revenues and DPW's Plan to Cover Possible Revenue Shortfalls

As requested, the following is a summary of our lease revenue assumptions for the Octavia Blvd supplemental appropriation. In addition, this memo explains how DPW will cover project costs in the event we don't realize lease or land sale revenues in a timely manner.

As described in the attached spreadsheet, we estimate to receive \$1,106,631 in lease revenues from 11 parcels for which there are currently leases. The total monthly rent from these leases is \$58,406. We assume 20 months lease revenue from nine of these 11 parcels or from October 1, 2003 through May 30, 2005 when the project will be complete. For the remaining two parcels, the leases will discontinue the end of January 2005 because the Redevelopment Agency will begin construction on those parcels. Thus, we assumed 15 months of lease revenues for these two parcels.

While we project to require a \$2 million loan from the Transportation Authority to fully fund this project, we discussed with the TA staff borrowing up to \$8 million or \$6 million more to cover project costs in case we don't fully realize lease revenues or the SFRA is unable to purchase parcels in FY 2004-05. Thus, if we don't realize all of the projected revenues, we would draw down the loan beyond the \$2 million. We will repay this loan with future SFRA land sales, lease revenues and/or sales to non-SFRA entities.

"IMPROVING THE QUALITY OF LIFE IN SAN FRANCISCO" We are dedicated individuals committed to teamwork, customer service and continuous improvement in partnership with the community.

Customer Service

Teamwork

Continuous Improvement

Item 3 - File 03-1696

Note: The Public Utilities Commission has requested that this proposed resolution be continued to the Finance and Audits Committee meeting of November 5, 2003.

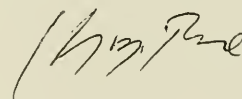
Department: Public Utilities Commission (PUC)
Water Department (WTR)

Item: Resolution authorizing a new 25-year lease of City-owned land in Alameda County under the jurisdiction of the Public Utilities Commission, between the City and County of San Francisco through its Public Utilities Commission and the Sunol Valley Golf and Recreation Company for purposes of continuing to operate the Sunol Valley Golf Course which includes two golf courses and privately-owned related facilities.

Lessor: City and County of San Francisco acting by and through the Public Utilities Commission (PUC)

Lessee: Sunol Valley Golf and Recreation Company (Sunol Valley) (owners include Ronald F. Ivaldi, Marjorie L. Russell, Lisa M. Granzella, Bryan E. Richardson, and the Ivaldi Family Trusts)

Recommendation: Continue the proposed resolution as requested by the Public Utilities Commission.



Harvey M. Rose

cc: Supervisor Peskin
Supervisor Sandoval
Supervisor McGoldrick
Clerk of the Board
Controller
Ben Rosenfield
Ted Lakey

